

Worksheet 1. Credit for Sick and Family Leave Wages and the Employee Retention Credit

Determine how you will complete this worksheet

If you paid both qualified sick and family leave wages and qualified wages for purposes of the employee retention credit this quarter, complete Step 1, Step 2, and Step 3. If you paid qualified sick and family leave wages this quarter but you didn't pay any qualified wages for purposes of the employee retention credit this quarter, complete Step 1 and Step 2. If you paid qualified wages for purposes of the employee retention credit this quarter but you didn't pay any qualified sick and family leave wages this quarter, complete Step 1 and Step 3.

Step 1. Determine the employer share of social security tax this quarter after it is reduced by credits claimed on Form 8974 or Form 5884-C

| | | | |
|----|--|----|-------|
| 1a | Enter the amount of social security tax from Form 941, Part 1, line 5a , column 2 | 1a | _____ |
| 1b | Enter the amount of social security tax from Form 941, Part 1, line 5b , column 2 | 1b | _____ |
| 1c | Add lines 1a and 1b | 1c | _____ |
| 1d | Employer share of social security tax. Multiply line 1c by 50% (0.50) | 1d | _____ |
| 1e | Enter the amount from Form 941, Part 1, line 11a (credit from Form 8974) | 1e | _____ |
| 1f | Enter the amount from Form 5884-C, line 11, this quarter | 1f | _____ |
| 1g | Total nonrefundable credits already used against the employer share of social security tax. Add lines 1e and 1f | 1g | _____ |
| 1h | Employer share of social security tax remaining. Subtract line 1g from line 1d | 1h | _____ |

Step 2. Figure the sick and family leave credit

| | | | |
|--------|---|--------|-------|
| 2a | Qualified sick leave wages reported on Form 941, Part 1, line 5a(i) , column 1 | 2a | _____ |
| 2a(i) | Qualified sick leave wages included on line 5c, but not included on Form 941, Part 1, line 5a(i) , column 1, because the wages reported on that line were limited by the social security wage base | 2a(i) | _____ |
| 2a(ii) | Total qualified sick leave wages. Add lines 2a and 2a(i) | 2a(ii) | _____ |
| 2b | Qualified health plan expenses allocable to qualified sick leave wages (Form 941, Part 3, line 19) | 2b | _____ |
| 2c | Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145) | 2c | _____ |
| 2d | Credit for qualified sick leave wages. Add lines 2a(ii), 2b, and 2c | 2d | _____ |
| 2e | Qualified family leave wages reported on Form 941, Part 1, line 5a(ii) , column 1 | 2e | _____ |
| 2e(i) | Qualified family leave wages included on line 5c, but not included on Form 941, Part 1, line 5a(ii) , column 1, because the wages reported on that line were limited by the social security wage base | 2e(i) | _____ |
| 2e(ii) | Total qualified family leave wages. Add lines 2e and 2e(i) | 2e(ii) | _____ |
| 2f | Qualified health plan expenses allocable to qualified family leave wages (Form 941, Part 3, line 20) | 2f | _____ |
| 2g | Employer share of Medicare tax on qualified family leave wages. Multiply line 2e(ii) by 1.45% (0.0145) | 2g | _____ |
| 2h | Credit for qualified family leave wages. Add lines 2e(ii), 2f, and 2g | 2h | _____ |
| 2i | Credit for qualified sick and family leave wages. Add lines 2d and 2h | 2i | _____ |
| 2j | Nonrefundable portion of credit for qualified sick and family leave wages. Enter the smaller of line 1h or line 2i. Enter this amount on Form 941, Part 1, line 11b | 2j | _____ |
| 2k | Refundable portion of credit for qualified sick and family leave wages. Subtract line 2j from line 2i and enter this amount on Form 941, Part 1, line 13c | 2k | _____ |

Step 3. Figure the employee retention credit

| | | | |
|----|--|----|-------|
| 3a | Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941, Part 3, line 21) | 3a | _____ |
| 3b | Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, line 22) | 3b | _____ |
| 3c | Qualified wages (excluding qualified health plan expenses) paid March 13, 2020, through March 31, 2020, for the employee retention credit (Form 941, Part 3, line 24). Enter an amount here only for the second quarter Form 941 | 3c | _____ |
| 3d | Qualified health plan expenses allocable to qualified wages paid March 13, 2020, through March 31, 2020, for the employee retention credit (Form 941, Part 3, line 25). Enter an amount here only for the second quarter Form 941 | 3d | _____ |
| 3e | Add lines 3a, 3b, 3c, and 3d | 3e | _____ |
| 3f | Retention credit. Multiply line 3e by 50% (0.50) | 3f | _____ |
| 3g | Enter the amount of the employer share of social security tax from Step 1, line 1h | 3g | _____ |
| 3h | Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages from Step 2, line 2j | 3h | _____ |
| 3i | Subtract line 3h from line 3g | 3i | _____ |
| 3j | Nonrefundable portion of employee retention credit. Enter the smaller of line 3f or line 3i. Enter this amount on Form 941, Part 1, line 11c | 3j | _____ |
| 3k | Refundable portion of employee retention credit. Subtract line 3j from line 3f and enter this amount on Form 941, Part 1, line 13d | 3k | _____ |

Caution:
Only complete lines 3c and 3d for your second quarter 2020 Form 941.