

Worksheet 2. Adjusted Employee Retention Credit for Qualified Wages Paid After March 12, 2020, and Before July 1, 2021

You must use this worksheet if you claimed the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021, on your original Form 941 and you correct any amounts used to figure the employee retention credit for qualified wages paid after March 12, 2020, and before July 1, 2021. You'll also use this worksheet to figure this credit if you're claiming it for the first time on Form 941-X. If you're a third-party payer, you must complete this worksheet for each client for which it is applicable, on a client-by-client basis.

Step 1. Determine the corrected employer share of social security tax this quarter after it is reduced by any credit claimed on Form 8974, Form 5884-C, and/or Form 5884-D

1a	If you completed Worksheet 1 to claim a credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021, enter the amount from Worksheet 1, Step 1, line 1l, and go to Step 2. If you're not claiming a credit for qualified sick and family leave wages for leave taken before April 1, 2021, continue by completing lines 1b–1n below and then go to Step 2	1a	_____
1b	Enter the amount of social security wages from Form 941, Part 1, line 5a, column 1, or, if corrected, the amount from Form 941-X, line 8, column 1	1b	_____
1c	Enter the amount of social security tips from Form 941, Part 1, line 5b, column 1, or, if corrected, the amount from Form 941-X, line 11, column 1	1c	_____
1d	Add lines 1b and 1c	1d	_____
1e	Multiply line 1d by 6.2% (0.062)	1e	_____
1f	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax included on Form 941, Part 1, line 8, or, if corrected, the amount of the employer share of social security tax on sick pay that you included on Form 941-X, line 15, column 1 (enter as a negative number)	1f	_____
1g	Employer share of social security tax included on Form 941-X, line 20, column 4	1g	_____
1h	If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice	1h	_____
1i	Employer share of social security tax. Combine lines 1e, 1f, 1g, and 1h	1i	_____
1j	Enter the amount from Form 941, Part 1, line 11a, or, if corrected, the amount from Form 941-X, line 16, column 1 (credit from Form 8974)	1j	_____
1k	Enter the amount from Form 5884-C, line 11, for this quarter (for quarters ending before April 1, 2021, this amount was also included on Form 941, Part 3, line 23, or, if corrected, the amount from Form 941-X, line 32, column 1)	1k	_____
1l	Enter the amount from Form 5884-D, line 12, for this quarter	1l	_____
1m	Total nonrefundable credits already used against the employer share of social security tax. Add lines 1j, 1k, and 1l	1m	_____
1n	Employer share of social security tax remaining. Subtract line 1m from line 1i	1n	_____

Step 2. Figure the employee retention credit

Caution: For qualified wages paid before January 1, 2021, the cumulative total for all quarters of 2020 that can be claimed on lines 2a, 2b, 2c, and 2d can't exceed \$10,000 per employee. For qualified wages paid after December 31, 2020, the total amount included on lines 2a and 2b can't exceed \$10,000 per employee each quarter.

2a	Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941, Part 3, line 21, or, if corrected, Form 941-X, line 30, column 1)	2a	_____
2b	Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, line 22, or, if corrected, Form 941-X, line 31a, column 1)	2b	_____
2c	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, or, if corrected, Form 941-X, line 33a, column 1). Enter an amount here only if filing a Form 941-X to correct the second quarter of 2020	2c	_____
2d	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, or, if corrected, Form 941-X, line 34, column 1). Enter an amount here only if filing a Form 941-X to correct the second quarter of 2020	2d	_____
2e	Add lines 2a, 2b, 2c, and 2d	2e	_____
2f	Retention credit. If you're correcting the second, third, or fourth quarter of 2020, multiply line 2e by 50% (0.50). If you're correcting the first or second quarter of 2021, multiply line 2e by 70% (0.70)	2f	_____
2g	Enter the amount of the employer share of social security tax from Step 1, line 1a, or, if applicable, Step 1, line 1n	2g	_____
2h	Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2020, and before April 1, 2021 (this amount may come from Worksheet 1, Step 2, line 2j, in these instructions if you're correcting that credit for the quarter or you may need to enter the credit claimed on your original Form 941 for the quarter)	2h	_____
2i	Subtract line 2h from line 2g	2i	_____
2j	Nonrefundable portion of employee retention credit. Enter the smaller of line 2f or line 2i. Enter this amount on Form 941-X, line 18a, column 1	2j	=====
2k	Refundable portion of employee retention credit. Subtract line 2j from line 2f and enter this amount on Form 941-X, line 26a, column 1	2k	=====