

Worksheet 4. Adjusted Employee Retention Credit for Qualified Wages Paid After June 30, 2021, and Before January 1, 2022

You must use this worksheet if you claimed the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022, on your original Form 941 and you correct any amounts used to figure the employee retention credit for qualified wages paid after June 30, 2021, and before January 1, 2022. 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 Medicare tax

- 1a If you completed Worksheet 3 to claim a credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, enter the amount from Worksheet 3, Step 1, line 1f, and go to Step 2. If you're not claiming a credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021, continue by completing lines 1b–1g below and then go to Step 2 1a _____
- 1b Enter the amount of Medicare wages from Form 941, Part 1, line 5c, column 1, or, if corrected, the amount from Form 941-X, line 12, column 1 1b _____
- 1c Multiply line 1b by 1.45% (0.0145) 1c _____
- 1d 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 Medicare tax included on Form 941, Part 1, line 8, or, if corrected, the amount of the employer share of Medicare tax on sick pay that you included on Form 941-X, line 15, column 1 (enter as a **negative** number) 1d _____
- 1e Employer share of Medicare tax included on Form 941-X, line 21, column 4 1e _____
- 1f If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of Medicare tax from the notice 1f _____
- 1g **Employer share of Medicare tax.** Combine lines 1c, 1d, 1e, and 1f 1g _____

Step 2. Figure the employee retention credit

Caution: You must be a recovery startup business to claim the employee retention credit for qualified wages paid after September 30, 2021, and before January 1, 2022 (fourth quarter 2021). 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 Add lines 2a and 2b 2c _____
- 2d **Retention credit.** Multiply line 2c by 70% (0.70). If you qualify for the employee retention credit **solely** because your business is a recovery startup business, don't enter more than \$50,000 per quarter 2d _____
- 2e Enter the amount of the employer share of Medicare tax from Step 1, line 1a, or, if applicable, Step 1, line 1g 2e _____
- 2f Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (this amount may come from Worksheet 3, Step 2, line 2r, in these instructions if you're correcting that credit or you may need to enter the credit claimed on your original Form 941) 2f _____
- 2g Subtract line 2f from line 2e 2g _____
- 2h **Nonrefundable portion of employee retention credit.** Enter the smaller of line 2d or line 2g. Enter this amount on Form 941-X, line 18a, column 1 2h _____
- 2i **Refundable portion of employee retention credit.** Subtract line 2h from line 2d and enter this amount on Form 941-X, line 26a, column 1 2i _____