

Employer Retention Credit

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I. What Is the Employee Retention Credit (ERC)?

The employee retention credit is a refundable tax credit created to encourage employers to keep their employees on the payroll during the pandemic.

The ERC was created as part of the CARES Act and has been expanded and extended through December 31, 2021.

Even though the ERC credit program closed effective December 31, 2021, eligible businesses still have the opportunity to claim the credit retroactively (for 2020 and 2021).

II. Relevant Quarters for the ERC

2020 – The ERC is available for the 2nd, 3rd, and 4th quarter of 2020.

2021 – The ERC is available for the 1st, 2nd, and 3rd quarter of 2021. The ERC is available for the 4th quarter of 2021 but only for recovery startup businesses – not for our churches.

III. Who Qualifies for the ERC?

Any employer operating a trade, business or tax-exempt organization qualifies for the ERC.

To receive the employee retention credit, a business must meet eligibility status under one of two main criteria. The first criterion is closure due to government mandate, and the second criterion is a decline in gross receipts.

For the 2020 ERC, most companies are qualifying as an eligible employer under the Government Mandate Test. For 2021 ERCs, most companies are qualifying as an eligible employer under the Gross Receipts Test.

In Florida, the Covid – 19 emergency orders commenced 3/20/2020 and the final restrictions were lifted 5/3/2021. The state of emergency expired June 26, 2022.

Closure Due to Government Mandate

Your business qualifies for the ERC if your business was negatively impacted by state, local, and federal government ordered capacity restrictions on gatherings that caused your business to change the way it does business or limited the business operations.

Decline in Gross Receipts

If your business saw a decline in gross receipts in 2020 or 2021 when compared to 2019, you qualify for the ERC.

The decline must be 50% for any of the quarters in 2020; it must be a 50% decline in gross receipts when compared to 2019. You remain eligible for the employee retention credit until your gross receipts return to greater than 80% of 2019 gross receipts.

For 2021, businesses only needed to see a 20% decline in gross receipts when compared to 2019. You remain eligible for the employee retention credit until your gross receipts return to greater than 80%.

Comparison to PPP Loans

First round of the PPP Loan – there was no requirement for a decline in revenue.

Second round of the PPP Loan – the requirement was for a 25% decline in revenue.

IV. What are Gross Receipts

Gross Receipts are all donations, all proceeds from investments and grants but not the PPP loans. Funds which your church received and then forwarded on do not count in calculating the gross receipts, i.e., special offerings receipts.

V. How To Calculate Qualified Wages for Employee Retention Credit

Small employers can include part time and full-time wages paid to all employees; these are “qualified wages.” Qualified wages include the employee’s wages, and their health plan costs.

VI. What Information is needed to Calculate and Support the ERC

- Summary of quarterly revenue
- Quarterly payroll tax returns
- Detail by employee of wages paid by date
- Health care costs
- Detail of wages used by Paycheck Protection Program loan forgiveness

VII. How To Calculate Employee Retention Credit

For 2020, the retention credit allows business owners to claim up to 50% of their employee’s qualified wages from April 1 of 2020, to December 31, 2020, for the ERC. The maximum qualified wages for 2020 is \$ 10,000 per employee for the year (2nd, 3rd, & 4th quarters of 2020). Maximum credit is \$ 5,000 per employee for the year.

In 2021, that rule increased how much each eligible employer could claim. Instead of 50%, they were able to claim up to 70% of their employees’ qualified wages.

For 2021, the retention credit allowed business owners to claim up to 70% of their employee’s qualified wages from January 1 of 2021, to December 31, 2021, for the ERC. The maximum qualified wages for 2021 remains at \$ 10,000 per employee PER QUARTER. Maximum credit is \$ 7,000 per employee per quarter. Total ERC of \$ 21,000 per employee for the year

a. Calculating a Decline in Receipts

Decline in gross receipts qualifies the church to claim the refundable tax credit. Let us say that this church had receipts of \$ 10,000 each quarter of 2019. In the 2nd quarter of 2020, the gross receipts were \$ 2,000. A decline in the 2nd quarter of 2020 from 2019 2nd quarter of 80%.

$(\$ 2,000 \text{ minus } \$ 10,000 = -\$ 8,000 \text{ divided by } \$ 10,000 = -80\%).$

In this example this church is eligible for the ERC for the three quarters in 2020 and the 1st and 2nd quarters in 2021. The church is not eligible starting the 3rd quarter of 2021 when the gross receipts decline is less than 20%.

Quarter

2019	1st	2nd	3rd	4th
	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
2020	-----	\$2,000.00	\$4,000.00	\$5,000.00
Decline		-80%	-60%	-50%
2021	\$3,000.00	\$5,000.00	\$9,000.00	\$8,000.00
Decline	-70%	-50%	-10%	-20%

b. Calculation of ERC 2020

For each quarter in 2020 where the gross receipts were at least 20% less than in 2019 calculate the wages and health care plan expenses for each employee and then subtract those wages and health care expenses forgiven under the PPP plan. Total the adjusted wages/HCE for each employee for the year. The ERC qualified wages are the lesser of \$ 10,000 or the adjusted annual total. Multiply that amount by 50%. The result is the ERC for 2020.

The Example Below –

Employee 1 – The net wages and health care cost for the last three quarters of 2020 total \$ 11,835.00. The maximum allowed for the program in 2020 if \$ 10,000 per employee. Therefore, the ERC amount for employee 1 is \$ 5,000 or 50% of the qualified wages.

Employee 2 – The net wages and health care cost for the last three quarters of 2020 total \$ -0- . All the wages for this employee were forgiven under the PPP program. There is no ERC amount for this employee.

Employee 4 – The net wages and health care costs for the last three quarters of 2020 total \$ 6,000.00. The maximum allowed for the program in 2020 is the lesser of the qualified wages or \$ 10,000 per employee. Therefore, the ERC amount for employee 4 is \$ 3,000 or 50% of the qualified wages.

		Employee 1	Employee 2	Employee 3	Employee 4	TOTAL
2020						
	2nd Qtr.					
	Wages	\$ 2,000.00	\$ 500.00	\$ 45,000.00	\$ -	
	Health Plan Expenses	\$ 1,500.00		\$ 4,000.00	\$ -	
	Wages/Heath Care forgiven under the PPP	\$ (2,555.00)	\$ (500.00)	\$ (10,000.00)		
	3rd Qtr.					
	Wages	\$ 1,000.00	\$ 500.00	\$ 45,000.00		
	Health Plan Expenses	\$ 1,500.00		\$ 4,000.00		
	Wages/Heath Care forgiven under the PPP	\$ (2,555.00)	\$ (500.00)	\$ (10,000.00)		
	4th Qtr.					
	Wages	\$ 12,000.00	\$ 500.00	\$ 45,000.00	\$ 6,000.00	
	Health Plan Expenses	\$ 1,500.00		\$ 4,000.00		
	Wages/Heath Care forgiven under the PPP	\$ (2,555.00)	\$ (500.00)	\$ (10,000.00)		
	TOTAL NET Wages /Health Care	\$ 11,835.00	\$ -	\$117,000.00	\$ 6,000.00	
	ERC Qualified Wages	\$ 10,000.00	\$ -	\$ 10,000.00	\$ 6,000.00	
	Lesser of Total Net Wages or \$ 10,000					
	Employee Retention Credit	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 3,000.00	\$ 13,000.00
	50% of Qualified Wages					

c. Calculation of ERC 2021

For each quarter in 2021 where the gross receipts were at least 20% less than in 2019 calculate the wages and health care plan expenses for each employee and then subtract those wages and health care expenses forgiven under the PPP plan. Total the new wages/HCE for each employee for each quarter. The ERC qualified wages for each quarter are the lesser of \$ 10,000 or the total. Multiply that amount by 70%. The result is the ERC for that quarter.

The Example Below –

Employee 1 – The net wages and health care cost for the 1st quarter of 2021 is \$ 945.00. The maximum allowed per quarter for the program in 2021 is the lesser of the qualified wages or \$ 10,000 per employee. Therefore, the ERC amount for the 1st quarter of 2021 for employee 1 is \$ 661.50 or 70% of the qualified wages.

Employee 2 – The net wages and health care cost for the 1st quarter of 2021 is \$ -0- . All the wages for this employee were forgiven under the PPP program. There is no ERC for this employee.

Employee 3 – The net wages and health care cost for the 1st quarter of 2021 is \$ 39,000.00. The maximum allowed per quarter for the program in 2021 is the lesser of the qualified wages or \$ 10,000 per employee. Therefore, the ERC amount for the 1st quarter of 2021 for employee 1 is \$ 7,000.00 or 70% of the qualified wages.

		Employee 1	Employee 2	Employee 3	Employee 4	TOTAL
2021						
	1st Qtr					
	Wages	\$ 2,000.00	\$ 500.00	\$ 45,000.00	\$ -	
	Health Plan Expenses	\$ 1,500.00		\$ 4,000.00	\$ -	
	Wages/Heath Care foregiven under the PPP	\$ (2,555.00)	\$ (500.00)	\$ (10,000.00)		
	TOTAL	\$ 945.00	\$ -	\$ 39,000.00	\$ -	
	ERC Qualified Wages	\$ 945.00	\$ -	\$ 10,000.00	\$ -	
	Employee Retention Credit	\$ 661.50	\$ -	\$ 7,000.00	\$ -	\$ 7,661.50
	70% of Qualified Wages					
	2nd Qtr					
	Wages	\$ 5,000.00	\$ 750.00	\$ 45,000.00	\$ -	
	Health Plan Expenses	\$ 1,500.00		\$ 4,000.00	\$ -	
	Wages/Heath Care foregiven under the PPP	\$ (2,555.00)	\$ (500.00)	\$ (10,000.00)		
	TOTAL	\$ 3,945.00	\$ 250.00	\$ 39,000.00	\$ -	
	ERC Qualified Wages	\$ 3,945.00	\$ -	\$ 10,000.00	\$ -	
	Employee Retention Credit	\$ 2,761.50	\$ -	\$ 7,000.00	\$ -	\$ 9,761.50
	70% of Qualified Wages					

VIII. How To Claim the Employee Retention Credit

This refundable credit has the ability to reduce your employer's federal employment taxes required to be deposited with the IRS. The refundable part of the credit is that any credit over and above your deposits can be paid directly to the business.

All business should have already filed the 941s for the periods for which the ERC is applicable. Therefore, eligible businesses claim the employee retention credit by filing a Form 941-X for each affected quarter.

IX. How Long Does It Take to Receive ERC Credit Funds?

Generally, it can take three to six months to receive anything back from the Internal Revenue Service. With the backlog the IRS is already dealing with and the addition of all the 941-Xs being filed the wait could be significantly longer. If the IRS owes you a refund, they will send that to you as a check.

Restrictions on Employee Retention Credit Funds

Unlike other forms of aid, there are no restrictions on how you use the money received from the employee retention credit. You can use these funds to pay off debts, update your business, or however you see fit.

Can I Qualify for the ERC if I Have Taken a PPP Loan?

The original instruction for the employee retention credit was that you could not claim the credit if you claimed a loan from the Paycheck Protection Program. Fortunately, you can now claim the ERC, even if you took out a PPP loan. The only exception to this rule is that you cannot claim the credits on wages and healthcare costs forgiven under the Paycheck Protection Program. This is to ensure you do not double dip and receive credit for money you already received forgiveness.

X. Illustration / Example

Excel spreadsheet will be available for your use; they are a) Calculating Gross Receipts Decline b) 2020 ERC Calculations, and c) 2021 ERC Calculations.

a. Calculating Gross Receipts to qualify for the ERC for 2020 and 2021.

Calculate the gross receipts for each quarter in 2019, 2020 (excluding the 1st quarter) and 2021. Remember to exclude any PPP Loan proceeds, any transfers in from restricted funds, and pass-through funds (like the special offerings).

Include donations, investment interest and dividends, grants, and gifts.

In this example, the church qualifies under the Decline in Gross Receipts for 2020 – 2nd, 3rd, and 4th quarter and 2021 – 1st and 2nd quarter. By the 3rd quarter of 2021 the income was only down by 8 % and no longer qualifies for the credit.

GROSS RECEIPTS				
	Quarter			
	1st	2nd	3rd	4th
2019	\$ 251,356.12	\$ 93,314.13	\$ 158,037.93	\$ 204,599.37
2020	-----	\$ 27,481.17	\$ 41,607.71	\$ 39,518.68
% Decline		-71%	-74%	-81%
For 2020 the decline must be at least 50% to qualify for the ERC. You remain eligible until the gross receipts decline is 20% or less.				
2021	\$ 97,425.73	\$ 46,670.00	\$ 145,096.34	\$ 204,934.21
% Decline	-61%	-50%	-8%	0%
For 2021 the decline must be at least 20 % to qualify for the ERC. You remain eligible until the gross receipts decline is 20% or less.				

b. Calculating the Qualified Wages for the ERC Calculations and the ERC for 2020

For the 2020 ERC you will need to calculate the wages and health care cost minus amount for health care reimbursed through payroll deductions for all quarters for which your church qualifies.

You will also need to determine the amount of PPP Loan forgiveness for each employee allocated across the quarters applicable.

		James	Mary	Ronald	Shirley	Doris	William	
1	2nd Qtr.							
2	Wages	\$ 26,543.12	\$ 37,211.23	\$ 5,230.00	\$ 9,703.09	\$ 19,362.54	\$ -	\$ 98,049.98
3	Health Plan Expenses	\$ 12,118.62	\$ 8,820.36		\$ 1,961.34	\$ 7,272.00	\$ -	\$ 30,172.32
4	Health Care Deducted		\$ (32.88)		\$ (447.48)	\$ (23.10)		\$ (503.46)
5	Wages foregiven under the PPP	\$ (15,384.00)	\$ (15,056.06)	\$ (5,230.00)	\$ (7,429.33)	\$ (6,567.73)		\$ (49,667.12)
6	Heath Care foregiven under the PPP	\$ (12,118.62)	\$ (8,787.48)	\$ -	\$ (1,513.86)	\$ (7,248.90)		\$ (29,668.86)
7								
8	Net Wages	\$ 11,159.12	\$ 22,155.17	\$ -	\$ 2,273.76	\$ 12,794.81	\$ -	\$ 48,382.86
9	Net Health Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	TOTAL NET Wages /Health Care	\$ 11,159.12	\$ 22,155.17	\$ -	\$ 2,273.76	\$ 12,794.81	\$ -	\$ 48,382.86
11								
12	ERC Qualified Wages	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 2,273.76	\$ 10,000.00	\$ -	\$ 32,273.76
13	Lesser of Total Net Wages or \$ 10,000							
14								
15	Employee Retention Credit	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 1,136.88	\$ 5,000.00	\$ -	\$ 16,136.88
16	50% of Qualified Wages							
17								
18	3rd Qtr.							
19	Wages			\$ 2,119.47	\$ 9,703.09			\$ 11,822.56
20	Health Plan Expenses				\$ 1,961.34			\$ 1,961.34
21	Health Care Deducted				\$ (447.48)			\$ (447.48)
22	Wages foregiven under the PPP			\$ -	\$ -			\$ -
23	Heath Care foregiven under the PPP			\$ -	\$ -		\$ -	\$ -
24								
25	Net Wages	\$ -	\$ -	\$ 2,119.47	\$ 9,703.09	\$ -	\$ -	\$ 11,822.56
26	Net Health Care	\$ -	\$ -	\$ -	\$ 1,513.86	\$ -	\$ -	\$ 1,513.86
27	TOTAL NET Wages /Health Care	\$ -	\$ -	\$ 2,119.47	\$ 11,216.95	\$ -	\$ -	\$ 13,336.42
28								
29	ERC Qualified Wages	\$ -	\$ -	\$ 2,119.47	\$ 7,726.24	\$ -	\$ -	\$ 9,845.71
30	Lesser of Total Net Wages or \$ 10,000							
31								
32	Employee Retention Credit	\$ -	\$ -	\$ 1,059.74	\$ 3,863.12	\$ -	\$ -	\$ 4,922.86
33	50% of Qualified Wages							
34								
35	4th Qtr							
36	Wages						\$ 793.75	\$ 793.75
37	Health Plan Expenses							\$ -
38	Health Care Deducted							\$ -
39	Wages foregiven under the PPP			\$ -	\$ -	\$ -	\$ -	\$ -
40	Heath Care foregiven under the PPP			\$ -	\$ -	\$ -	\$ -	\$ -
41								
42	Net Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 793.75	\$ 793.75
43	Net Health Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	TOTAL NET Wages /Health Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 793.75	\$ 793.75
45								
46	ERC Qualified Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 793.75	\$ 793.75
47	Lesser of Total Net Wages or \$ 10,000							
48								
49	Employee Retention Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 396.88	\$ 396.88
50	50% of Qualified Wages							
51	TOTAL ERC for the Year	\$ 5,000.00	\$ 5,000.00	\$ 1,059.74	\$ 5,000.00	\$ 5,000.00	\$ 396.88	\$ 21,456.61

In this example, the church had five employees for all of 2020 just different employees.

The amounts for the calculations, I used the quarterly summary of wages report by employee for the wages (gross wages before deductions and payroll taxes) and the deductions from payroll for the health care benefits deducted. The health care came from the Board of Pensions billing. I had to remember to multiply the health care costs from the Board of Pensions by 3 for the total for the quarter.

The wages and health care forgiven under the PPP I found in my documentation for the PPP forgiveness application. My forgiveness application documents listed each payroll, and bill used in the application amount. My forgiveness also included rent which is not needed for the calculations. The PPP Forgiveness was for those wages and health care for part of the 2nd quarter of 2020, therefore, there were no amounts in the other quarters of 2020. Once I knew that the total wages and healthcare exceeded \$ 10,000, I stopped inputting the amounts.

The ERC for 2020 is calculated based on the sum of the net wages and healthcare for every qualified quarter for a maximum of \$ 10,000 per employee per year. The ERC is 50% of the Qualified wages for a maximum ERC for 2020 is \$ 5,000 per employee for the year. The calculations below calculate each quarter and when the maximum ERC of \$ 5,000 is reached a zero is in the ERC line.

c. Calculating the Qualified Wages for the ERC Calculations and the ERC for 2021

The ERC for 2021 is calculated based on the sum of the net wages and healthcare for every qualified quarter for a maximum of \$ 10,000 per employee per quarter. The ERC is 70% of the Qualified wages for a maximum ERC each quarter in 2021 is \$ 7,000 per employee. The maximum ERC for 2021 is \$ 28,000 per employee.

d. Filing the Form 941-X

The Form 941-X for this correction/credit is very simple. You will need the copy of the 941 for the quarter you are filing to complete the form.

The IRS Form 941-X below is completed based on the amounts for the 2nd quarter 2020.

Step 1 – Fill in the Employer Identification Number (EIN), name, and address at the top of the page.

Step 2 – Check off that you are correcting the 941 return.

Step 3 – Check off the quarter and the year for which you are filing and put the date you are completing the return as the date you discovered your error

Step 4 – Part 1 Check off # 2.

Step 5 – Part 2 Check off 3 and 5d.

You are finished with page 1.

Form **941-X**: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund
(Rev. April 2022) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN) 1 2 - 9 8 7 6 5 4 3	Return You're Correcting... Check the type of return you're correcting. <input checked="" type="checkbox"/> 941 <input type="checkbox"/> 941-SS
Name (not your trade name) Your Church	Check the ONE quarter you're correcting. <input type="checkbox"/> 1: January, February, March <input checked="" type="checkbox"/> 2: April, May, June <input type="checkbox"/> 3: July, August, September <input type="checkbox"/> 4: October, November, December
Trade name (if any)	Enter the calendar year of the quarter you're correcting. 2020 (YYYY)
Address 127 1st Street Number Street Suite or room number Hometown PR 34567 City State ZIP code Foreign country name Foreign province/county Foreign postal code	Enter the date you discovered errors. 11 / 01 / 2022 (MM / DD / YYYY)

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all five pages. Don't attach this form to Form 941 or 941-SS unless you're reclassifying workers; see the instructions for line 42.

Part 1: Select ONLY one process. See page 6 for additional guidance, including information on how to treat employment tax credits and social security tax deferrals.

1. **Adjusted employment tax return.** Check this box if you underreported tax amounts. Also check this box if you overreported tax amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported tax amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.

2. **Claim.** Check this box if you overreported tax amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting ANY underreported tax amounts on this form.

Part 2: Complete the certifications.

3. I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.
Note: If you're correcting underreported tax amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported tax amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.

4. If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box.
I certify that:

a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

5. If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box.
I certify that:

a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employee's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

For Paperwork Reduction Act Notice, see the separate instructions. www.irs.gov/Form941X Cat. No. 17025J Form 941-X (Rev. 4-2022)

Step 6 – Fill in the name, EIN, quarter, and year at the top of the page.

Step 7 – For line 18a you will need the copy of the 941 originally filed for the year and quarter.

Multiply the amount from Form 941 Line 5a –Social security wages by .062. The result goes in Column 1, line 18a, this is your corrected amount. Zeros go in column 2 of the same line. The amount that goes in column 3 and 4 of the same line is the same amount as in column 1 but it must be shown as a NEGATIVE.

You are finished with page 2.

Name (not your trade name) Your Church		Employer identification number (EIN) 12 9876543		Correcting quarter 2 (1, 2, 3, 4)	Correcting calendar year (YYYY) 2020
Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank.					
	Column 1 Total corrected amount (for ALL employees)	Column 2 Amount originally reported or as previously corrected (for ALL employees)	Column 3 Difference (If this amount is a negative number, use a minus sign.)	Column 4 Tax correction	
6. Wages, tips, and other compensation (Form 941, line 2)				Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-3c.	
7. Federal income tax withheld from wages, tips, and other compensation (Form 941, line 3)				Copy Column 3 here . . .	
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)				× 0.124* =	
9. Qualified sick leave wages* (Form 941 or 941-SS, line 5a(i), Column 1)				× 0.062 =	
10. Qualified family leave wages* (Form 941 or 941-SS, line 5a(ii), Column 1)				× 0.062 =	
11. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)				× 0.124* =	
12. Taxable Medicare wages & tips (Form 941 or 941-SS, line 5c, Column 1)				× 0.029* =	
13. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d)				× 0.009* =	
14. Section 3121(q) Notice and Demand—Tax due on unreported tips (Form 941 or 941-SS, line 5f)				Copy Column 3 here . . .	
15. Tax adjustments (Form 941 or 941-SS, lines 7 through 9)				Copy Column 3 here . . .	
16. Qualified small business payroll tax credit for increasing research activities (Form 941 or 941-SS, line 11a; you must attach Form 8974)				See instructions	
17. Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 11b)				See instructions	
18a. Nonrefundable portion of employee retention credit* (Form 941 or 941-SS, line 11c)	2,979 . 10		-2,979 . 10	See instructions	
18b. Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 11d)				See instructions	
18c. Nonrefundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 11e)				See instructions	
18d. Number of individuals provided COBRA premium assistance (Form 941 or 941-SS, line 11f)					
19. Special addition to wages for federal income tax				See instructions	
20. Special addition to wages for social security taxes				See instructions	
21. Special addition to wages for Medicare taxes				See instructions	

Step 8 – Again fill in the name, EIN, quarter, and year at the top of the page. Yes, you must complete this information at the top of each page.

Step 9 – Line 23. Input the same amount from line 18a making sure that it is input as a negative amount.

Step 10 – Line 26a I took the amount from my calculations above on line 13 and subtracted the amount in line 18a. Again, in column 1 the amount is input as a positive amount and then a negative amount in column 3 and 4.

Step 11 – Line 27 Add the amounts on line 18a and 26a. This amount is also the amount from the calculations above on line 13. Again, the amount should be a negative amount.

Step 12 – Line 30/31 This amount is the qualified wages and healthcare from the calculations above line 12. The total in line 12 will need to be distributed between Line 30 and 31 below. In this case the total qualified was satisfied by only wages, therefore, line 31 is zero. Put the same amount in columns 1 and 3.

You are finished with page 3.

Name (not your trade name)		Employer identification number (EIN)		Correcting quarter (1, 2, 3, 4)	
Your Church		12 - 9876543		2020	
Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)					
	Column 1	Column 2	Column 3	Column 4	
	Total corrected amount (for ALL employees)	Amount originally reported or as previously corrected (for ALL employees)	Difference (if this amount is a negative number, use a minus sign.)	Tax correction	
22. Special addition to wages for Additional Medicare Tax					
23. Combine the amounts on lines 7 through 22 of Column 4					2,979 . 10
24. Deferred amount of social security tax* (Form 941 or 941-SS, line 13c)					
25. Refundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 13c)					
26a. Refundable portion of employee retention credit* (Form 941 or 941-SS, line 13c)	13,157 . 78	0 . 00	-13,157 . 78		-13,157 . 78
26b. Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 13c)					
26c. Refundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 13f)					
27. Total. Combine the amounts on lines 23 through 26c of Column 4					-16,136 . 88
<p>If line 27 is less than zero:</p> <ul style="list-style-type: none"> • If you checked line 1, this is the amount you want applied as a credit to your Form 941 or 941-SS for the tax period in which you're filing this form. (If you're currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.) • If you checked line 2, this is the amount you want refunded or abated. <p>If line 27 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see Amount you owe in the instructions.</p>					
28. Qualified health plan expenses allocable to qualified sick leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 19)					
29. Qualified health plan expenses allocable to qualified family leave wages for leave taken before April 1, 2021 (Form 941 or 941-SS, line 20)					
30. Qualified wages for the employee retention credit* (Form 941 or 941-SS, line 21)	32,273 . 76	0 . 00	32,273 . 76		
31a. Qualified health plan expenses for the employee retention credit* (Form 941 or 941-SS, line 22)					
31b. Check here if you're eligible for the employee retention credit in the third or fourth quarter of 2021 solely because your business is a recovery startup business					
32. Credit from Form 5884-C, line 11, for this quarter* (Form 941 or 941-SS, line 23)					

Step 13 – Again fill in the name, EIN, quarter, and year at the top of the page. Yes, again.

You are finished with page 4.

Name (not your trade name) Your Church		Employer identification number (EIN) 12 9876543		Correcting quarter 2 (1, 2, 3, 4)
				Correcting calendar year (YYYY) 2020

Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank. (continued)

	Column 1 Total corrected amount (for ALL employees)	Column 2 Amount originally reported or as previously corrected (for ALL employees)	Column 3 Difference (If this amount is a negative number, use a minus sign.)	
33a. Qualified wages paid March 13 through March 31, 2020, for the employee retention credit* (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	<small>* Use line 33a only for corrections to the second quarter of 2020.</small>			
33b. Deferred amount of the employee share of social security tax included on Form 941 or 941-SS, line 13b* (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	<small>* Use line 33b only for corrections to the third and fourth quarters of 2020.</small>			
34. Qualified health plan expenses allocable to wages reported on Form 941 or 941-SS, line 24* (Form 941 or 941-SS, line 25)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	<small>* Use line 34 only for corrections to the second quarter of 2020.</small>			
Caution: Lines 35–40 apply only to quarters beginning after March 31, 2021.				
35. Qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 23)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
36. Qualified health plan expenses allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 24)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
37. Amounts under certain collectively bargained agreements allocable to qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 25)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
38. Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 26)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
39. Qualified health plan expenses allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 27)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
40. Amounts under certain collectively bargained agreements allocable to qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 28)	<input type="text"/>	<input type="text"/>	<input type="text"/>	

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Step 17 – Save this file incorporating the year and quarter in the file name.

Step 18 – Make a copy of the form for your records.

Step 19 – Mail to the IRS at the address below for exempt organizations.

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0005

Step 20 - Open the file you just saved in Step 17 and save it under another quarter and year.

Step 21 – Now you just need to change the quarter and year on page 1 and the top of every page. Change the amounts on line 18a, 23, 26a, 27, and 30 and the explanation in box 43 if needed.

Step 22 – Repeat until all quarters are completed.

YOU ARE DONE, except.

Make sure to maintain all calculations and supporting documentation with the copies of the Forms sent to the IRS.

Wait for the funds to be received from the IRS.