

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 is different from other tax credits; it is not issued as an income tax credit but as a payment from the IRS.

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).

There are two deadlines: For all quarters in 2020, the deadline to apply for the ERC is April 15, 2024, and for all quarters in 2021, the deadline is April 15, 2025.

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 changes in operations 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 Change in Operations Due to Government Mandate Test. For 2021 ERCs, most companies are qualifying as an eligible employer under the Decline in 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.

Changes in Operations 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.

Did you have to close your sanctuary and worship online? While worshipping in your sanctuary did you have to make sure all your parishioners were spread out? Did you take temperatures, record attendance, go online for offerings? These are all changes that impacted the way you do business or limited your 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% of 2019 gross receipts.

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

2019, 2020, & 2021

- Summary of quarterly revenue – from your accounting system
- Quarterly payroll tax returns – quarterly Form 941s
- Detail by employee of wages paid by quarter – from your accounting system.
- Health care costs – monthly invoices from your insurer
- Detail of wages applied to the Paycheck Protection Program loan forgiveness – PPP paperwork.

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 (total 2nd, 3rd, & 4th quarters of 2020). Maximum credit is \$ 5,000 per employee for the year.

For 2021, the 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.

In 2021, the retention credit allowed business owners to claim up to 70% of their employee’s qualified wages from January 1 of 2021, to September 30, 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 (\$ 7,000 for the 1st, 2nd, and 3rd quarter).

a. Calculating a Decline in Receipts

Decline in gross receipts is one way to qualify 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 minus \$ 10,000 = -\$ 8,000 divided by \$ 10,000 = -80%).

In this example below 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%.

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	
Decline	-61%	-50%	-8%	
For 2021 the decline must be at least 20% to qualify fo the ERC. You remain eligible until the gross receipts decline is less than 20%.				

b. Calculation of ERC 2020

The church becomes eligible for the ERC when the receipts are at least 50% less than in the same quarter in 2019 and remain eligible until the receipts are greater than 80% of the receipts in the same quarter in 2019. For each quarter in 2020 where the gross receipts were at least 50 to 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 each quarter. The ERC qualified wages are the lesser of \$ 10,000 or the total adjusted wages and health care expenses. Multiply that amount by 50%. The result is the ERC for the quarter.

The Example Below –

Quarter 2 of 2020

Employee 1 –

(A) The net wages and health care cost for the second quarters of 2020 total \$ 945.00.

The majority of the wages and health care were forgiven under the PPP.

(B) The maximum allowed for the program in all of 2020 if \$ 10,000 per employee.

(C) Therefore, the ERC amount for employee 1 is \$ 472.50 or 50% of the qualified wages and HC of \$945.

Employee 2 – The net wages and health care cost for the second quarter 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 3 – The net wages and health care costs for the second quarter of 2020 total \$ 39,000.00. 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 3 is \$ 5,000 or 50% of the qualified wages of \$ 10,000.

	Employee 1	Employee 2	Employee 3	Employee 4	Employee 5	TOTAL	Form 941X	
2020								
2nd QUARTER								
+	Wages	\$ 2,000.00	\$ 500.00	\$ 45,000.00		\$ 47,500.00		
+	Health Plan Expenses	\$ 1,500.00		\$ 4,000.00		\$ 5,500.00		
-	Health Care Deducted					\$ -		
-	Wages forgiven under the PPP	\$ (2,000.00)	\$ (500.00)	\$ (10,000.00)		\$ (12,500.00)		
-	Health Care forgiven under the PPP	\$ (555.00)				\$ (555.00)		
	Total Net Wages	\$ -	\$ -	\$ 35,000.00	\$ -	\$ -	\$ 35,000.00	
	Total Net Health Care	\$ 945.00	\$ -	\$ 4,000.00	\$ -	\$ -	\$ 4,945.00	
A	TOTAL WAGES & HC	\$ 945.00	\$ -	\$ 39,000.00	\$ -	\$ -	\$ 39,945.00	
B	QUALIFIED WAGES & HC	\$ 945.00	\$ -	\$ 10,000.00	\$ -	\$ -	\$ 10,945.00	
	<i>Lesser of \$ 10,000 or Total Wages and Health Care Costs - For the 941-X you will need to separate the Wages from the Health Care</i>							
C	ERC	\$ 472.50	\$ -	\$ 5,000.00	\$ -	\$ -	\$ 5,472.50	
	<i>50% of Qualified Wages and Health Care Costs</i>							
	Wages Quarter 2 of 2020 Form 941-Line 5a-1						\$ 35,892.24	
D	NONREFUNDABLE					\$ 2,225.32	18a / 23	
	<i>Multiply Social Security Wages from Form 941 by 6.2% (x .062)</i>							
E	REFUNDABLE					\$ 3,247.18	26a	
	<i>Subtract Nonrefundable (from line 18a of the 941x from the total ERC above C)</i>							

Quarter 3 and 4 of 2020

Additional calculation will need to be done for each qualifying quarter of the year. The total ERC for the year is \$ 5,000 per employee.

In quarter 3 and 4 the total remaining ERC available for each employee would be as follows:

	Total ERC Allowed	2 nd Quarter ERC Taken	Total 3 rd and 4 th Quarter ERC Available
Employee 1	5,000	472.50	4,527.50
Employee 2	5,000	-0-	5,000
Employee 3	5,000	5,000	-0-

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 net wages/HC for each employee for each quarter. The ERC qualified wages for each quarter per employee are the lesser of \$ 10,000 or the total net wages and HC. Multiply that amount by 70%. The result is the ERC for that quarter for the employee.

The calculations are exactly the same as for 2020 EXCEPT the ERC (C) is 70% of the Qualified Wages and Health Care (B).

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 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.

X. Restrictions on Employee Retention Credit Funds Use

Unlike other forms of aid, there are no restrictions on how you use the money received from the employee retention credit.

XI. 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, with the signing of the American Rescue Plan Act of 2021, 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 wages and health care costs for which you already received forgiveness.

XII. 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 (excluding the 4th quarter). 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 % (not the 20% required) 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	
Decline	-61%	-50%	-8%	
For 2021 the decline must be at least 20% to qualify fo the ERC. You remain eligible until the gross receipts decline is less than 20%.				

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 and allocated to wages or health care.

	Employee 1	Employee 2	Employee 3	Employee 4	Employee 5	TOTAL	Form 941X	
2020								
2nd QUARTER								
+	Wages	\$ 2,000.00	\$ 500.00	\$ 45,000.00		\$ 47,500.00		
+	Health Plan Expenses	\$ 1,500.00		\$ 4,000.00		\$ 5,500.00		
-	Health Care Deducted					\$ -		
-	Wages forgiven under the PPP	\$ (2,000.00)	\$ (500.00)	\$ (10,000.00)		\$ (12,500.00)		
-	Health Care forgiven under the PPP	\$ (555.00)				\$ (555.00)		
	Total Net Wages	\$ -	\$ -	\$ 35,000.00	\$ -	\$ -	\$ 35,000.00	
	Total Net Health Care	\$ 945.00	\$ -	\$ 4,000.00	\$ -	\$ -	\$ 4,945.00	
A	TOTAL WAGES & HC	\$ 945.00	\$ -	\$ 39,000.00	\$ -	\$ -	\$ 39,945.00	
B	QUALIFIED WAGES & HC	\$ 945.00	\$ -	\$ 10,000.00	\$ -	\$ -	\$ 10,945.00	
	<i>Lesser of \$ 10,000 or Total Wages and Health Care Costs - For the 941-X you will need to separate the Wages from the Health Care</i>							
C	ERC	\$ 472.50	\$ -	\$ 5,000.00	\$ -	\$ -	\$ 5,472.50	
	<i>50% of Qualified Wages and Health Care Costs</i>							
	Wages Quarter 2 of 2020 Form 941-Line 5a-1						\$ 35,892.24	
D	NONREFUNDABLE					\$ 2,225.32	18a / 23	
	<i>Multiply Social Security Wages from Form 941 by 6.2% (x .062)</i>							
E	REFUNDABLE					\$ 3,247.18	26a	
	<i>Subtract Nonrefundable (from line 18a of the 941x from the total ERC above C)</i>							

In this example, the church had three employees in the 2nd quarter of 2020.

The amounts for the calculations were taken from reports from the QuickBooks accounting system, 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 cost 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.

I also needed the 941 originally filed for the 2nd Quarter of 2020. The amount needed is the Taxable Social Security Wages - Line 5a - column 1.

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 these 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.

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.

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

The ERC for 2021 is calculated the same way as the 2020 credit - 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 difference is that 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 \$ 21,000 per employee.

The PPP 2nd Round did not require any specific amounts for the forgiveness letter. The forgiveness was for a specific time frame, and you should allocate the expenses so as to maximize your ERC. Allocate the PPP amounts first to the highest paid employees, making sure that the qualified wages and health care remains at the maximum of \$ 10,000 per employee and per quarter.

c. Completing Form 941-X

The Form 941-X for this correction/credit is very simple. Form can be found at irs.gov/pub-pdf/f941x.pdf. This is a fillable form and you can save it with the information input.

You will need the copy of the original 941 for the quarter you are filing to complete the form 941-X.

The IRS Form 941-X below is completed based on the amounts for the 2nd quarter 2020 above on page 8.

Page 1

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

Step 2 – At the upper Left of the page, Check off the Return you are correcting - 941

Step 3 – Right below where you completed Step 2, 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) -

Name (not your trade name)

Trade name (if any)

Address
 Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Return You're Correcting...
 Check the type of return you're correcting.
 941
 941-SS

Check the ONE quarter you're correcting.
 1: January, February, March
 2: April, May, June
 3: July, August, September
 4: October, November, December

Enter the calendar year of the quarter you're correcting.
 (YYYY)

Enter the date you discovered errors.
 / /
 (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/Forms941X Cat. No. 17025J Form 941-X (Rev. 4-2022)

Page 2

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

The amounts to complete the Form 941-X are found on the calculation sheets in red and to the right of them are the line number of Form 941-X where they are to be placed.

Step 7 – **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**. This is **D** in the calculations above on page 8 of this resource.

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-2c.
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)				x 0.124* =
9. Qualified sick leave wages* (Form 941 or 941-SS, line 5a(i), Column 1)				* If you're correcting your employer share only, use 0.062. See instructions. x 0.062 =
10. Qualified family leave wages* (Form 941 or 941-SS, line 5a(ii), Column 1)				* Use line 10 only for qualified family leave wages paid after March 31, 2020, for leave taken before April 1, 2021. x 0.062 =
11. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)				x 0.124* =
12. Taxable Medicare wages & tips (Form 941 or 941-SS, line 5c, Column 1)				* If you're correcting your employer share only, use 0.062. See instructions. x 0.029* =
13. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d)				* If you're correcting your employer share only, use 0.0145. See instructions. * Certain wages and tips reported in Column 3 shouldn't be multiplied by 0.009. See instructions. x 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)	2,225 32		-2,225 32	See instructions * Use line 18a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.
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

Page 3

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 in column 3 and 4 **(D)**.

Step 10 – **Line 26a** This is the amount of the Refundable amount of the credit **(E)**. This is also the amount of the total credit **(C)** minus nonrefundable amount on line 18a/23 **(D)**. Again, in column 1 the amount is input as a positive amount and then as a negative amount in columns 3 and 4.

Step 11 – **Line 27** This is the amount of the total ERC **(C)** Add the amounts on line 18a **(D)** and 26a **(E)**. Again, the amount should be a negative amount.

Step 12 – **Line 30/31** This amount is the qualified wages and healthcare from the calculation sheet above **(B)**. The total of **(B)** will need to be distributed between Wages and Health Care, Line 30 and 31 below. In this case Employee 1 only has Net Health Care Costs of \$ 945.00 – line 31a on the form 941X; all of the Wages were forgiven under the PPP. Employee 3 has the option of wages and health care or just wages. i.e., You could input \$ 10,000 of wages in line 30 or some variation of the \$ 10,000 total.

In this example I chose to Allocation \$ 4,945 of the total of \$ 10,945 to Health Care cost and the balance of \$ 6,000 to wages.

Put the same amounts in columns 1 and 3. The amounts go into the form 941X as positive numbers.

You are finished with page 3.

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 2 (1, 2, 3, 4)
Your Church	12 9876543	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.)	Column 4 Tax correction
22. Special addition to wages for Additional Medicare Tax				See instructions
23. Combine the amounts on lines 7 through 22 of Column 4				-2,225 32
24. Deferred amount of social security tax* (Form 941 or 941-SS, line 13b)				See instructions
<small>* Use this line to correct the employer deferral for the second quarter of 2020 and the employer and employee deferral for the third and fourth quarters of 2020.</small>				
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)				See instructions
26a. Refundable portion of employee retention credit* (Form 941 or 941-SS, line 13d)	3,247 18	0 00	-3,247 18	See instructions
<small>* Use line 26a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.</small>				
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 13e)				See instructions
26c. Refundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 13f)				See instructions
27. Total. Combine the amounts on lines 23 through 26c of Column 4				-5,472 50
If line 27 is less than zero:				
<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. 				
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 <i>Amount you owe</i> in the instructions.				
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)	6,000 00	0 00	6,000 00	
<small>* Use line 30 only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.</small>				
31a. Qualified health plan expenses for the employee retention credit* (Form 941 or 941-SS, line 22)	4,945 00	0 00	4,945 00	
<small>* Use line 31a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.</small>				
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				<input type="checkbox"/>
32. Credit from Form 5884-C, line 11, for this quarter* (Form 941 or 941-SS, line 23)				
<small>* Use line 32 only for corrections to quarters beginning after March 31, 2020, and before April 1, 2021.</small>				

Page 4

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. Only one more page to go!

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
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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"/>

Page 5

Step 14 – Again fill in the name, EIN, quarter, and year at the top of the page. Last time!

Step 15 – Narrative Box 43. This is where the reason for the 941-X needs to be completed.

If there was no PPP Loan forgiveness, I would write that there were no PPP Loan forgiveness wages or health care costs for the quarter.

In 2020, if your reason for applying for the ERC is Due to Government Mandate, the second line should read something like “Our business qualifies for the ERC because it was negatively impacted by state, local, and federal governmental ordered capacity restrictions on gatherings. This caused our business to change the way it did business and limited the business operations.”

If your reason for applying for the ERC is due to a decline in gross receipts, the second line can read something like, “Income in this quarter is more than # percent less than the same quarter in 2019”.

In 2020 the percentage is 50% down to 20% and in 2021 the percentage is 20%.

You are finished with page 5.

Name (not your trade name) Your Church	Employer identification number (EIN) 12 - 987654	Correcting quarter 2 (1, 2, 3, 4) Correcting calendar year (YYYY) 2020
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Part 4: Explain your corrections for this quarter.

41. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 43.

42. Check here if any corrections involve reclassified workers. Explain on line 43.

43. You must give us a detailed explanation of how you determined your corrections. See the instructions.

Amended return to apply for ERC credit.
Income in 2nd quarter 2020 is more than 50% less than the income in the same quarter of 2019.
The wages used for PPP forgiveness in this quarter have been deducted from qualified wages.
Please send the refund check to the address on file.

Part 5: Sign here. You must complete all five pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

X Sign your name here [Signature Box] Print your name here [Text Box]
Print your title here [Text Box]
Date [Text Box] Best daytime phone [Text Box]

Paid Preparer Use Only Check if you're self-employed

Preparer's name [Text Box] PTIN [Text Box]
Preparer's signature [Text Box] Date [Text Box]
Firm's name (or yours if self-employed) [Text Box] EIN [Text Box]
Address [Text Box] Phone [Text Box]
City [Text Box] State [Text Box] ZIP code [Text Box]

Page 5 Form 941-X (Rev. 4-2022)

Step 16 – Print two copies of the Form 941-X. One copy is to be sent to the IRS at the address below and the other is for your records.

Step 17 – Part 5 Please sign BOTH copies of the return. If the form is not signed it will be returned by the IRS. Date, print your name, title, and telephone number. Without this information the form is incomplete. With this information on your copy, you will be able to answer questions from the IRS and your Session.

Step 18 – Save this file incorporating the year and quarter in the file name,
e.g. 20202ndQtr941XERC.pdf

Also file the copy of the physical Form 941X with the supporting documentations.

Step 19 – Mail Form 941-X to the IRS at the address below for exempt organizations.

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

You are finished with Form 941-X for this quarter.

Step 20 - Open the file you just saved in Step 18 and save it under another quarter and year.

Step 21 – Now you just need to change the quarter and year on page 1 and at the top of every page. You do not need to fill in the church name and address etc. because it is the same for every quarter.

Step 22 - Change the amounts on line 18a, 23, 26a, 27, 30 and 31a and the explanation in box 43 if needed.

Step 23 – 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.

If you get questions about when the funds will be received, you can at least answer the question of when the request for the ERC was mailed (the date you filed the 941-X).