

ERC Recovery Startup Business Credit: Do you qualify for the up to \$100,000 credit?

A VIRTUAL WORKSHOP

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PRESENTER

TOM TANNER

REGIONAL LEAD ADVISOR
IRS CREDENTIALLED ENROLLED
AGENT



DISCLAIMER

The information provided in this workshop is based on documents available as of May 11, 2023. We have made our best efforts to properly interpret the information. The IRS and other government entities may modify, change or delete any or all of the procedures. You should always consult your accountant or attorney if you have any questions, or before you submit any application.

*References: IRS Notice 2021-49, IRS Notice 2021-23, IRS Notice 2021-20
IRS Notice 2021-65*

Warnings

IRS licensed circular 230 tax practitioner (CPA, Enrolled Agent, or Attorney) cannot charge a contingent fee for ERC 941X amendment forms.

Be sure you have your accountant review the application and supporting documents and calculations before submitting any application.

Remember you as the business owner is 100% responsible in the event of an audit and any return of the credit along with any interest and penalties. Penalties can range from 20% to 75%

Employee Retention Tax Credits

Learning Objectives

- Understanding the Recovery Startup Business
- Determining Eligibility
- How to calculate the amount of credit
- How to apply for the credit
- Deadlines

What is a Recovery Startup Business?

- Business must have started operating after 2/15/2020 *
 - * Business has begun to function as a going concern & perform activities for which it was organized.
- Only applies to W-2 employees, not independent contractors (1099)
- Only applies to payroll in the 3rd and 4th quarter of 2021
- Having gross sales of less than \$1,000,000 over the previous 12 months (pro-rated)
- No requirement for decrease sales, etc.
- Does not qualify under the full or partial shutdown test, or gross receipts decline test.
- 70% of all wages, up to \$10,000 per employee per quarter (\$7,000 credit per employee)
- Maximum amount company can claim is \$50,000 per quarter, or \$100,000 total
- Can apply to new non-profit under IRC Section 501(a) or (c)

What are Gross Receipts

- Total Sales (net of returns or allowances, same as federal tax return)
- Does include most local and state grants since they are taxable

What are Gross Receipts – Nonprofit

- Gross amount received from all sources including, but not limited to:
 - Contributions
 - Gifts
 - Grants
 - Dues or assessments
 - Organization activities – events, fundraisers, etc.
 - Gross sales of assets
 - Investment income

Qualified Wages Include:

- Wages paid to employees after June 30, 2021 and before January 1, 2022
- Wages/Compensation subject to FICA taxes:
 - Wages/Compensation
 - Tips
 - 401K contributions (employee)
- Healthcare premiums paid by employee (pre-tax) and paid by employer

Aggregation Rules

When multiple companies are owned or run by the same owners. See IRS Notice 2021-20, page 21 for detailed information.

What is the amount of the credit?

- Equal to **70%** of the qualified wages paid to eligible employees during the covered period. (3rd and/or 4th quarter 2021)
- Maximum amount of qualified wages that you can claim credit for is **\$10,000 maximum wages or \$7,000 per employee per quarter.**

Employee Retention Tax Credits-Examples

Example 1: Recovery Startup Business (\$50,000 maximum per quarter)

Employee	Wages Paid Q3	Qualified Wages Q3	Credit @70% Q3	Wages Paid Q4	Qualified Wages Q4	Credit @70% Q4	Total Credit Q3+Q4
1	\$15,000	\$10,000	\$7,000	\$13,000	10,000	\$7,000	\$14,000
2	\$10,000	\$10,000	\$7,000	\$9,000	\$9,000	\$6,300	\$13,300
3	\$8,000	\$8,000	\$5,600	\$8,000	\$8,000	\$5,600	\$11,200
Totals		\$28,000	\$19,600		\$27,000	\$18,900	\$38,500

Other Issues

- Payroll used for ERC credits are non-deductible on federal tax return
- If you receive the credit you will be required to file an amended business tax return for 2021. If you are a partnership or S-Corporation you will also have to file a personal amended return.
- Statue of limitation for 941 audits is 5 years (normally 3 years)
- Keep all documents that you used to determine the credit until the statue of limitation has ended which is April 15, 2027.

Wages paid to owners/relatives

Are wages paid to related individuals of the employer considered qualified wages?

For any wages paid to any child, grandchild, brother, sister, stepbrother, stepsister, father, mother, stepfather, stepmother, niece, nephew, aunt, uncle, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law do not qualify for wages for the credit if they are related to a majority owner of the company (more than 50%)

Are wages paid to owner considered qualified wages?

If the owner controls 50% or less, then wages for owner and spouse are qualified. If more than 50% owner neither owner or spouse are considered qualified wages (exception below).

Exceptions to the above rules (gets more interesting).

If a more than 50% owner has no relatives as described above, then then a majority owner and spouse may be eligible as qualified wages

Example 1:

Consider the case of a parent who owns 100% of a company and employs his son. The Employee Retention Credit does not apply to the son's earnings since he is related to the more-than-50% owner. The son, too, is considered a secondary owner of the corporation due to familial attribution. This also eliminates the father's earnings from the ERC.

Example 2:

Scott is the sole owner of a company and is married to Karen. They are both employed by the business. Scott and Karen have no relatives who come under the attribution criteria.

Karen is given 100% ownership of the business because of her relationship with Scott, but the IRS does not consider Scott and Karen to be “related people.” As a result, Scott and Karen’s earnings are eligible.

Example 3:

Corporation A is owned 80 percent by Individual E and 20 percent by Individual F. Individual F is the child of Individual E. Corporation A is an eligible employer with respect to the first calendar quarter of 2021. Both Individual E and Individual F are employees of Corporation A. Pursuant to the attribution rules of section 267(c) of the Code, both Individual E and Individual F are treated as 100 percent owners of Corporation A. Individual E has the relationship to Individual F described in section 152(d)(2)(C) of the Code, and Individual F has the relationship to Individual E described in section 152(d)(2)(A). Accordingly, Corporation A may not treat as qualified wages any wages paid to either Individual E or Individual F because both Individual E and Individual F are each related individuals for purposes of the employee retention credit.

Example 4:

Corporation C is owned 100 percent by Individual J. Corporation C is an eligible employer with respect to the first calendar quarter of 2021. Individual J is married to Individual K, and they have no other family members as defined in section 267(c)(4) of the Code. Individual J and Individual K are both employees of Corporation C. Pursuant to the attribution rules of section 267(c), Individual K is attributed 100 percent ownership of Corporation A, and both Individual J and Individual K are treated as 100 percent owners. However, Individuals J and K do not have any of the relationships to each other described in section 152(d)(2)(A)-(H) of the Code. Accordingly, wages paid by Corporation C to Individual J and Individual K in the first calendar quarter of 2021 may be treated as qualified wages if the amounts satisfy the other requirements to be treated as qualified wages.

How and When to Claim Credit

How do you claim the credit?

- Must file a 941-X (Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund). Must be done within three (3) years of taxable filing date. For Recovery Startup business deadline is April 15, 2025.

How long will it take to get my credit?

- The 941X amended return can only be manually files (mailed in). Credit can take 3-6 months to receive. (IRS can take longer).



How to complete the forms

T & T Enterprises, LLC Payroll Summary

October through December 2021

	Employee 1			Employee 2			Employee 3			Employee 4			TOTAL		
	Hours	Rate	Oct - Dec 21	Hours	Rate	Oct - Dec 21	Hours	Rate	Oct - Dec 21	Hours	Rate	Oct - Dec 21	Hours	Rate	Oct - Dec 21
Employee Wages, Taxes and Adjustments															
Gross Pay															
officer compensation	8,078		8,790.95			0.00			0.00	8,078		8,790.95	16,156.00		17,581.90
Salary			0.00			0.00			7,807.66			0.00			7,807.66
Holiday			0.00	8	16.00	128.00			0.00			0.00	8.00		128.00
Hourly			0.00	402.30001	16.00	6,436.81			0.00			0.00	402.30		6,436.81
Commission			0.00			116.27			0.00			0.00			116.27
Auto Reimbursement			1,640.66			0.00			0.00			0.00			1,640.66
Bonus			0.00			533.67			0.00			0.00			533.67
Total Gross Pay	8,078		10,431.61	410.30001		7,214.75			7,807.66	8,078		8,790.95	16,566.30		34,244.97
Adjusted Gross Pay	8,078		10,431.61	410.30001		7,214.75			7,807.66	8,078		8,790.95	16,566.30		34,244.97
Taxes Withheld															
Federal Withholding			-2,184.00			-407.00			-1,127.00			-917.00			-4,635.00
Medicare Employee			-151.26			-104.62			-113.21			-127.46			-496.55
Social Security Employee			-646.76			-447.31			-484.07			-545.04			-2,123.18
VA - Withholding			-637.00			-276.00			-483.00			-539.00			-1,935.00
Medicare Employee Addl Tax			0.00			0.00			0.00			0.00			0.00
Total Taxes Withheld			-3,619.02			-1,234.93			-2,207.28			-2,128.50			-9,189.73
Deductions from Net Pay															
Child Support			0.00			-335.93			0.00			0.00			-335.93
Total Deductions from Net Pay			0.00			-335.93			0.00			0.00			-335.93
Net Pay	8,078		6,812.59	410.30001		5,643.89			5,600.38	8,078		6,662.45	16,566.30		24,719.31
Employer Taxes and Contributions															
Federal Unemployment			0.00			0.00			0.00			0.00			0.00
Medicare Company			151.26			104.62			113.21			127.46			496.55
Social Security Company			646.76			447.31			484.07			545.04			2,123.18
VA - Unemployment Company			0.00			0.00			0.00			21.82			21.82
Total Employer Taxes and Contributions			798.02			551.93			597.28			694.32			2,641.55

gross pay, not net pay

Recovery Startup Business Credit

	<u>Employee 1</u>	<u>Employee 2</u>	<u>Employee 3</u>	<u>Employee 4</u>	<u>Employee 5</u>
Wages Paid	\$10,431.61	\$7,214.75	\$7,807.66	\$8,790.95	\$0.00
401K Contributions by employee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Qualified Wages excluding healthcare	\$10,000.00	\$7,214.75	\$7,807.66	\$8,790.95	\$0.00
Total Qualified wages excluding healthcare	\$33,813.36				
Healthcare Premiums	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Qualified Wages including healthcare	\$10,000.00	\$7,214.75	\$7,807.66	\$8,790.95	\$0.00
Credit @ 70%	\$7,000.00	\$5,050.33	\$5,465.36	\$6,153.67	\$0.00
Total Credit all employees	\$23,669.35				

- Employer and employee pretax healthcare premiums to include 125 contributions, FSA, HRAs & dental, but not HSAs
- 401K or 403b pretax contributions by employee, not employer
- Qualified wages are limited to \$10,000 per employee per quarter

941 for 2021: Employer's QUARTERLY Federal Tax Return

Department of the Treasury — Internal Revenue Service

951121

OMB No. 1545-0029

Employer identification number (EIN)	9	9	-	1	2	3	4	5	6	7
Name (not your trade name)	T & T Enterprises, LLC									
Trade name (if any)	Tom's Landscaping									
Address	122 Nice Lawn Ave									
	Number	Street						Suite or room number		
	Big Grass						VA	24005		
	City						State		ZIP code	
	Foreign country name						Foreign province/county		Foreign postal code	

**Report for this Quarter of 2021
(Check one.)**

- ☐ 1: January, February, March
- ☐ 2: April, May, June
- ☐ 3: July, August, September
- ☒ 4: October, November, December
- Go to www.irs.gov/Form941 for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

- 1 Number of employees who received wages, tips, or other compensation for the pay period including: *June 12* (Quarter 2), *Sept. 12* (Quarter 3), or *Dec. 12* (Quarter 4) 1
- 2 Wages, tips, and other compensation 2
- 3 Federal income tax withheld from wages, tips, and other compensation 3
- 4 If no wages, tips, and other compensation are subject to social security or Medicare tax ☐ Check and go to line 6.

	Column 1		Column 2
5a Taxable social security wages*	<input type="text" value="34244.97"/>	× 0.124 =	<input type="text" value="4246.38"/>
5a (i) Qualified sick leave wages*	<input type="text" value=""/>	× 0.062 =	<input type="text" value=""/>
5a (ii) Qualified family leave wages*	<input type="text" value=""/>	× 0.062 =	<input type="text" value=""/>
5b Taxable social security tips	<input type="text" value=""/>	× 0.124 =	<input type="text" value=""/>
5c Taxable Medicare wages & tips	<input type="text" value="34244.97"/>	× 0.029 =	<input type="text" value="993.10"/>
5d Taxable wages & tips subject to Additional Medicare Tax withholding	<input type="text" value=""/>	× 0.009 =	<input type="text" value=""/>

*Include taxable qualified sick and family leave wages for leave taken after March 31, 2021, on line 5a. Use lines 5a(i) and 5a(ii) only for wages paid after March 31, 2020, for leave taken before April 1, 2021.

5e	Total social security and Medicare taxes. Add Column 2 from lines 5a, 5a(i), 5a(ii), 5b, 5c, and 5d	5e	5239 ■ 48
5f	Section 3121(q) Notice and Demand—Tax due on unreported tips (see instructions)	5f	■
6	Total taxes before adjustments. Add lines 3, 5e, and 5f	6	9874 ■ 48
7	Current quarter's adjustment for fractions of cents	7	■
8	Current quarter's adjustment for sick pay	8	■
9	Current quarter's adjustments for tips and group-term life insurance	9	■
10	Total taxes after adjustments. Combine lines 6 through 9	10	9874 ■ 48
11a	Qualified small business payroll tax credit for increasing research activities. Attach Form 8974	11a	■
11b	Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021	11b	■
11c	Nonrefundable portion of employee retention credit	11c	■

► You MUST complete all three pages of Form 941 and SIGN it.

Next ►

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.

Cat. No. 17001Z

Form **941** (Rev. 6-2021)

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

Keep for Your Records



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
- 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
- 1c Multiply line 1b by 1.45% (0.0145)
- 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)
- 1e Employer share of Medicare tax included on Form 941-X, line 21, column 4
- 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
- 1g Employer share of Medicare tax. Combine lines 1c, 1d, 1e, and 1f

1a \$ 0.00

1b \$ 34,244.97

1c \$ 496.55

1d \$ 0.00

1e \$ 0.00

1f \$ 0.00

1g \$ 496.55

Form 941 for 2021: Employer's QUARTERLY Federal Tax Return

(Rev. June 2021)

Department of the Treasury — Internal Revenue Service

951121

OMB No. 1545-0029

Employer identification number (EIN) 9 9 - 1 2 3 4 5 6 7

Name (not your trade name) T & T Enterprises, LLC

Trade name (if any) Tom's Landscaping

Address 122 Nice Lawn Ave

Number Street Suite or room number

Big Grass VA 24005

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Report for this Quarter of 2021 (Check one.)

- ☐ 1: January, February, March
- ☐ 2: April, May, June
- ☐ 3: July, August, September
- ☒ 4: October, November, December
- Go to www.irs.gov/Form941 for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

1 Number of employees who received wages, tips, or other compensation for the pay period including: June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. 12 (Quarter 4) 1 4

2 Wages, tips, and other compensation 2 34244.97

3 Federal income tax withheld from wages, tips, and other compensation 3 4635.00

4 If no wages, tips, and other compensation are subject to social security or Medicare tax ☐ Check and go to line 6.

	Column 1	Column 2
5a Taxable social security wages*	34244.97	4246.38
5a (i) Qualified sick leave wages*	.	.
5a (ii) Qualified family leave wages	.	.
5b Taxable social security tips	.	.
5c Taxable Medicare wages & tips	34244.97	993.10
5d Taxable wages & tips subject to Additional Medicare Tax withholding	.	.

*Include taxable qualified sick and family leave wages for leave taken after March 31, 2021, on line 5a. Use lines 5a(i) and 5a(ii) only for wages paid after March 31, 2020, for leave taken before April 1, 2021.

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

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

\$ 33,813.36

\$ 0.00

\$ 33,813.36

\$ 23,669.33

\$ 496.55

\$ 0.00

\$ 496.55

\$ 496.55

\$ 23,172.80

Recovery Startup Business Credit

	Employee 1	Employee 2	Employee 3	Employee 4	Employee 5
Wages Paid	\$10,431.61	\$7,214.75	\$7,807.66	\$8,790.95	\$0.00
401K Contributions by employee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Qualified Wages excluding healthcare	\$10,000.00	\$7,214.75	\$7,807.66	\$8,790.95	\$0.00
Total Qualified wages excluding healthcare	\$33,813.36				
Healthcare Premiums	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Qualified Wages including healthcare	\$10,000.00	\$7,214.75	\$7,807.66	\$8,790.95	\$0.00
Credit @ 70%	\$7,000.00	\$5,050.33	\$5,465.36	\$6,153.67	\$0.00
Total Credit all employees	\$23,669.35				

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 Enter the amount of qualified wages for leave taken after March 31, 2021, and before October 1, 2021, from Form 941-X, line 12, column 1 1a \$ 0.00
- 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 \$ 34,244.97
- 1c Multiply line 1b by 1.45% (0.0145) 1c \$ 496.55
- 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 \$ 0.00
- 1e Employer share of Medicare tax included on Form 941-X, line 21, column 4 1e \$ 0.00
- 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 \$ 0.00
- 1g **Employer share of Medicare tax.** Combine lines 1c, 1d, 1e, and 1f 1g \$ 496.55

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)	<input type="text" value="9"/>	<input type="text" value="9"/>	-	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>	<input type="text" value="6"/>	<input type="text" value="7"/>
Name (not your trade name)	T & T Enterprises, LLC									
Trade name (if any)	Tom's Landscaping									
Address	122 Nice Lawn Ave									
	Number		Street		Suite or room number					
	Big Grass				VA		24005			
	City				State		ZIP code			
	<input type="text"/>				<input type="text"/>		<input type="text"/>			
	Foreign country name				Foreign province/county		Foreign postal code			

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.

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)

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.

15.	Tax adjustments (Form 941 or 941-SS, lines 7 through 9)	0.00	−	0.00	=	0.00	Copy Column 3 here .	0.00
16.	Qualified small business payroll tax credit for increasing research activities (Form 941 or 941-SS, line 11a; you must attach Form 8974)	0.00	−	0.00	=	0.00	See instructions	0.00
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)	0.00	−	0.00	=	0.00	See instructions	0.00
18a.	Nonrefundable portion of employee retention credit* (Form 941 or 941-SS, line 11c)	496.55	−	0.00	=	496.55	See instructions	-496.55
* 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)	0.00	−	0.00	=	0.00	See instructions	0.00
18c.	Nonrefundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 11e)	0.00	−	0.00	=	0.00	See instructions	0.00
18d.	Number of individuals provided COBRA premium assistance (Form 941 or 941-SS, line 11f)	0.00	−	0.00	=	0.00		
19.	Special addition to wages for federal income tax	0.00	−	0.00	=	0.00	See instructions	0.00
20.	Special addition to wages for social security taxes	0.00	−	0.00	=	0.00	See instructions	0.00
21.	Special addition to wages for Medicare taxes	0.00	−	0.00	=	0.00	See instructions	0.00

Worksheet 4 – line 2h

Must be a negative number



Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 4 (1, 2, 3, 4)
T & T Enterprises, LLC	99-1234567	Correcting calendar year (YYYY) 2021

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	0.00	0.00	0.00	0.00
23. Combine the amounts on lines 7 through 22 of Column 4				-496.55
24. Deferred amount of social security tax* (Form 941 or 941-SS, line 13b)	0.00	0.00	0.00	0.00
* 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.				
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)	0.00	0.00	0.00	0.00
26a. Refundable portion of employee retention credit* (Form 941 or 941-SS, line 13d)	23172.80	0.00	23172.80	-23172.80
* Use line 26a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.				
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)	0.00	0.00	0.00	0.00
26c. Refundable portion of COBRA premium assistance credit (Form 941 or 941-SS, line 13f)	0.00	0.00	0.00	0.00
27. Total. Combine the amounts on lines 23 through 26c of Column 4				-23669.35

Worksheet 4 – line 2i Must be a negative number

This should equal Worksheet 4 – line 2d

If line 27 is less than zero:

- 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 *Amount you owe* 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)

0.00	-	0.00	=	0.00
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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)

0.00	-	0.00	=	0.00
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Worksheet 4 – line 2a, not negative number

30. Qualified wages for the employee retention credit* (Form 941 or 941-SS, line 21)

33813.36	-	0.00	=	33813.36
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* Use line 30 only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.

31a. Qualified health plan expenses for the employee retention credit* (Form 941 or 941-SS, line 22)

0.00	-	0.00	=	0.00
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* Use line 31a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022.

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)

0.00	-	0.00	=	0.00
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* Use line 32 only for corrections to quarters beginning after March 31, 2020, and before April 1, 2021.

Name (not your trade name)

T & T Enterprises, LLC

Employer identification number (EIN)

99-1234567

Correcting quarter 4 (1, 2, 3, 4)

Correcting calendar year (YYYY)

2021

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

	Column 1		Column 2		Column 3
	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.)
33a. Qualified wages paid March 13 through March 31, 2020, for the employee retention credit* (Form 941 or 941-SS, line 24)	0.00	—	0.00	=	0.00
	* Use line 33a only for corrections to the second quarter of 2020.				
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)	0.00	—	0.00	=	0.00
	* Use line 33b only for corrections to the third and fourth quarters of 2020.				
34. Qualified health plan expenses allocable to wages reported on Form 941 or 941-SS, line 24* (Form 941 or 941-SS, line 25)	0.00	—	0.00	=	0.00
	* Use line 34 only for corrections to the second quarter of 2020.				

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)	0.00	—	0.00	=	0.00
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)	0.00	—	0.00	=	0.00

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) $\boxed{0.00} - \boxed{0.00} = \boxed{0.00}$
38. Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 (Form 941 or 941-SS, line 26) $\boxed{0.00} - \boxed{0.00} = \boxed{0.00}$
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) $\boxed{0.00} - \boxed{0.00} = \boxed{0.00}$
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) $\boxed{0.00} - \boxed{0.00} = \boxed{0.00}$

Name (not your trade name)	Employer identification number (EIN)	Correcting quarter 4 (1, 2, 3, 4)
T & T Enterprises, LLC	99-1234567	Correcting calendar year (YYYY)
		2021

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.

CLAIMING THE RECOVERY STARTUP BUSINESS CREDIT UNDER THE EMPLOYEE RETENTION CREDIT TAX CREDIT WHICH WAS NEVER CLAIMED

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.

**Sign your
name here**

Tom Turner

Print your
name here

Tom Turner

Print your
title here

Member

Date

4 / 3 / 2023

Best daytime phone

(540) 555-1212

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Preparer's name

PTIN

Preparer's signature

Date

Firm's name (or yours
if self-employed)

EIN

Address

Phone



City

State


ZIP code

Where to get form?

- Use the Blank 941X form from IRS
- Use a third-party processor to fill out form (have to print off and mail)
 - taxbandits.com
 - Tax1099.com



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