

Worksheet 4. Employee Retention Credit for Third and Fourth Quarters of 2021 Only (Qualified Wages Paid After June 30, 2021)

Determine how you will complete this worksheet. (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.)

If you paid qualified wages after June 30, 2021, for purposes of the employee retention credit, complete Step 1 and Step 2. If you're claiming a credit for qualified sick and family leave wages in this quarter for leave taken after March 31, 2021, complete Worksheet 3 before starting this worksheet.

Caution: Use Worksheet 2 to figure the employee retention credit for qualified wages paid in the second quarter of 2021.

Step 1. Determine the 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, 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, continue by completing lines 1b–1g below and then go to Step 2 1a _____
- 1b Enter the amount of Medicare tax from Form 941, Part 1, [line 5c](#), column 2 1b _____
- 1c Multiply line 1b by 50% (0.50) 1c _____
- 1d If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of Medicare tax included on Form 941, Part 1, [line 8](#) (enter as a positive number) 1d _____
- 1e Subtract line 1d from line 1c 1e _____
- 1f If you received a Section 3121(q) Notice and Demand during the quarter, enter the amount of the employer share of Medicare tax from the notice 1f _____
- 1g **Employer share of Medicare tax.** Add lines 1e and 1f 1g _____

Step 2. Figure the employee retention credit

Caution: 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](#)) 2a _____
- 2b Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, [line 22](#)) 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 any amount of the nonrefundable portion of the credit for qualified sick and family leave wages for leave taken after March 31, 2021, from Worksheet 3, Step 2, line 2r 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, Part 1, line 11c 2h _____
- 2i **Refundable portion of employee retention credit.** Subtract line 2h from line 2d and enter this amount on Form 941, Part 1, line 13d 2i _____