

STEP 1	Qualifying Payroll Hours	-	
	Divided by	2,080.00	
		0.00	
	FTEE Count (Must be less than 25)	0.00	To Form 8941, line 2

STEP 2	Qualifying FICA Wages	\$ -	
	Divided by FTEE Count	0	
		#DIV/0!	
	Avg Wages (Must be less than \$50,000)	#DIV/0!	To Form 8941, line 3

If above FTEE count is under 10 and Average Wages are under \$25,000, then eligible for the full tax credit of 25%. If not, then watch the phase out's calculated in Step 3.

For Form 8941, line 14 - you need the number of FTEE you would have entered on line 2 if you only included employees whom you paid premiums for. Recalculate the above FTEE count by deleting the payroll hours of those employees whom you did not pay premiums for. Put the recalculated number of FTEE's on Form 8941, line 14. Hit the back button so that the employees payroll hours you deleted are now back in the spreadsheet.

STEP 3

Qualifying Premiums	\$ -	Should agree to Form 8941, line 6
Multiplied by Credit Rate (35% Taxable Emp/25% Tax Exempt Emp)	25%	
Maximum Credit Available	\$ -	To Form 8941, line 7
Annual FTEE Phase Out Adjustment Percentage	0%	
Annual FTEE Phase Out Amount	\$ -	
Credit after FTEE Phase Out	\$ -	To Form 8941, line 8
Annual Wage Phase Out Adjustment Percentage	#DIV/0!	
Annual Wage Phase Put Amount	#DIV/0!	
Total Allowable Credit	Credit after FTEE & Annual Wage Phase Out	#DIV/0! To Form 8941, line 9

Tax credit is a refundable credit - which means it is limited to certain payroll tax obligations.		
Total of:		
Employee's Federal Income Tax Withholdings		
Employee's Medicare Tax Withholdings		
Employer's share of Medicare Tax		
Limit of tax credit	\$ -	To Form 8941, line 24

Amount of credit is lesser of "Allowable Credit" or "Limit"	#DIV/0!	Should agree to Form 8941, line 25
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STEP 1	Qualifying Payroll Hours	9,000.00	
	Divided by	2,080.00	
		4.33	
	FTEE Count (Must be less than 25)	4.00	To Form 8941, line 2

STEP 2	Qualifying FICA Wages	\$ 85,000	
	Divided by FTEE Count	4	
		\$ 21,250	
	Avg Wages (Must be less than \$50,000)	\$ 21,000	To Form 8941, line 3

If above FTEE count is under 10 and Average Wages are under \$25,000, then eligible for the full tax credit of 25%. If not, then watch the phase out's calculated in Step 3.

For Form 8941, line 14 - you need the number of FTEE you would have entered on line 2 if you only included employees whom you paid premiums for. Recalculate the above FTEE count by deleting the payroll hours of those employees whom you did not pay premiums for. Put the recalculated number of FTEE's on Form 8941, line 14. Hit the back button so that the employees payroll hours you deleted are now back in the spreadsheet.

STEP 3

Qualifying Premiums	\$ 11,250	Should agree to Form 8941, line 6
Multiplied by Credit Rate (35% Taxable Emp/25% Tax Exempt Emp)	25%	
Maximum Credit Available	\$ 2,813	To Form 8941, line 7
Annual FTEE Phase Out Adjustment Percentage	0%	
Annual FTEE Phase Out Amount	\$ -	
Credit after FTEE Phase Out	\$ 2,813	To Form 8941, line 8
Annual Wage Phase Out Adjustment Percentage	0%	
Annual Wage Phase Put Amount	\$ -	
Total Allowable Credit	Credit after FTEE & Annual Wage Phase Out	\$ 2,812.50 To Form 8941, line 9

Tax credit is a refundable credit - which means it is limited to certain payroll tax obligations.		
Total of:		
Employee's Federal Income Tax Withholdings	1,000.00	
Employee's Medicare Tax Withholdings	1,232.50	
Employer's share of Medicare Tax	1,232.50	
Limit of tax credit	\$ 3,465.00	To Form 8941, line 24

Amount of credit is lesser of "Allowable Credit" or "Limit"	\$ 2,812.50	Should agree to Form 8941, line 25
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STEP 1	Qualifying Payroll Hours	9,000.00	
	Divided by	2,080.00	
		4.33	
	FTEE Count (Must be less than 25)	4.00	To Form 8941, line 2

STEP 2	Qualifying FICA Wages	\$ 85,000	
	Divided by FTEE Count	4	
		\$ 21,250	
	Avg Wages (Must be less than \$50,000)	\$ 21,000	To Form 8941, line 3

If above FTEE count is under 10 and Average Wages are under \$25,000, then eligible for the full tax credit of 25%. If not, then watch the phase out's calculated in Step 3.

For Form 8941, line 14 - you need the number of FTEE you would have entered on line 2 if you only included employees whom you paid premiums for. Recalculate the above FTEE count by deleting the payroll hours of those employees whom you did not pay premiums for. Put the recalculated number of FTEE's on Form 8941, line 14. Hit the back button so that the employees payroll hours you deleted are now back in the spreadsheet.

STEP 3

Qualifying Premiums	\$ 11,750	Should agree to Form 8941, line 6
Multiplied by Credit Rate (35% Taxable Emp/25% Tax Exempt Emp)	25%	
Maximum Credit Available	\$ 2,937	To Form 8941, line 7
Annual FTEE Phase Out Adjustment Percentage	0%	
Annual FTEE Phase Out Amount	\$ -	
Credit after FTEE Phase Out	\$ 2,937	To Form 8941, line 8
Annual Wage Phase Out Adjustment Percentage	0%	
Annual Wage Phase Put Amount	\$ -	
Total Allowable Credit	Credit after FTEE & Annual Wage Phase Out	\$ 2,937.38 To Form 8941, line 9

Tax credit is a refundable credit - which means it is limited to certain payroll tax obligations.		
Total of:		
Employee's Federal Income Tax Withholdings	1,000.00	
Employee's Medicare Tax Withholdings	1,232.50	
Employer's share of Medicare Tax	1,232.50	
Limit of tax credit	\$ 3,465.00	To Form 8941, line 24

Amount of credit is lesser of "Allowable Credit" or "Limit"	\$ 2,937.38	Should agree to Form 8941, line 25
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Calculation for Small Employer Health Coverage Credit

6/31/2011

Input	Parish Name	EXAMPLE 3
Formula		

Employer State	WI enter "0" MN enter "1"	0	Annual Avg Limit on Premiums Small Group Market Rates	State Annual Avg	State Avg times Employer Pd Percentage
Employer Pd. Percentage of Premium for Full & Part-Time Employees	75%	Note: These two percentages MUST be the same for 2011-2013 in order to get the credit. If % is different, unable to claim credit.			
Employer Pd. Percentage of Premium for Clergypersons	75%		Family Coverage	\$ 12,819	\$ 9,614

Total number of employees	13	To Form 8941, line 1
Total number of employees employer is paying premiums for	10	To Form 8941, line 13

Note: Include all employees during the year, whether employment terminated during the year and/or not covered under health care plan.
Max number of payroll hours is 2,080.

Employee Name	Payroll Hours	Qualifying Hours (<2,080)	FICA Wages	Qualifying Wages	Premiums Paid by Employer	Average Annual Premium	"Single" or "Family" Coverage	Qualifying Premiums
Full & Part-time Employees								
Jackie	2,080.00	2,080.00	\$ 30,000	\$ 30,000	\$ 3,750.00	\$ 3,917	Single	3750
George	2,080.00	2,080.00	30,000	30,000	3,750.00	3,917	Single	3750
Larry	2,080.00	2,080.00	30,000	30,000	3,750.00	3,917	Single	3750
Abby	2,080.00	2,080.00	30,000	30,000	3,750.00	3,917	Single	3750
Amy	2,080.00	2,080.00	30,000	30,000	3,750.00	3,917	Single	3750
Jenny	2,080.00	2,080.00	30,000	30,000	3,750.00	3,917	Single	3750
Jack	2,080.00	2,080.00	30,000	30,000	3,750.00	3,917	Single	3750
John	2,080.00	2,080.00	30,000	30,000	3,750.00	3,917	Single	3750
Jim	2,080.00	2,080.00	30,000	30,000	3,750.00	3,917	Single	3750
Sandy	2,080.00	2,080.00	30,000	30,000	-	-		0
Erica	1,040.00	1,040.00	15,000	15,000	-	-		0
Sam	1,040.00	1,040.00	15,000	15,000	-	-		0
Clergypersons (Note: Clergypersons should have a number for the payroll hours and \$0 for FICA wages.)								
Joseph	2,080.00	2,080.00	0	0	3,750.00	3,917	Single	3750
				0				0
				0				0
				0				0
				0				0
				0				0
Seasonal Employees								
	Not eligible	Not eligible	Not eligible	Not eligible				
	Not eligible	Not eligible	Not eligible	Not eligible				
	Not eligible	Not eligible	Not eligible	Not eligible				
	Not eligible	Not eligible	Not eligible	Not eligible				
	Not eligible	Not eligible	Not eligible	Not eligible				
Total Wages	n/a	24,960.00	\$ 330,000	\$ 330,000	\$ 37,500	\$ 39,165	n/a	\$ 37,500

To Form 8941, line 4	To Form 8941, line 5
The smaller of these #'s goes to Form 8941, line 6	

STEP 1	Qualifying Payroll Hours	24,960.00	
	Divided by	2,080.00	
		12.00	
	FTEE Count (Must be less than 25)	12.00	To Form 8941, line 2

STEP 2	Qualifying FICA Wages	\$ 330,000	
	Divided by FTEE Count	12	
		\$ 27,500	
	Avg Wages (Must be less than \$50,000)	\$ 27,000	To Form 8941, line 3

If above FTEE count is under 10 and Average Wages are under \$25,000, then eligible for the full tax credit of 25%. If not, then watch the phase out's calculated in Step 3.

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STEP 3

Qualifying Premiums	\$ 37,500	Should agree to Form 8941, line 6
Multiplied by Credit Rate (35% Taxable Emp/25% Tax Exempt Emp)	25%	
Maximum Credit Available	\$ 9,375	To Form 8941, line 7
Annual FTEE Phase Out Adjustment Percentage	13%	
Annual FTEE Phase Out Amount	\$ (1,250)	
Credit after FTEE Phase Out	\$ 8,125	To Form 8941, line 8
Annual Wage Phase Out Adjustment Percentage	8%	
Annual Wage Phase Put Amount	\$ (750)	
Total Allowable Credit	Credit after FTEE & Annual Wage Phase Out	\$ 7,375.00 To Form 8941, line 9

Tax credit is a refundable credit - which means it is limited to certain payroll tax obligations.		
Total of:		
Employee's Federal Income Tax Withholdings	1,400.00	
Employee's Medicare Tax Withholdings	2,300.00	
Employer's share of Medicare Tax	2,300.00	
Limit of tax credit	\$ 6,000.00	To Form 8941, line 24

Amount of credit is lesser of "Allowable Credit" or "Limit"	\$ 6,000.00	Should agree to Form 8941, line 25
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