

Form 7200 Instructions

Families First Coronavirus Response Act Wages, Employee Retention Tax Credits Wages, COBRA Subsidy and Tax Credit Wages, and Form 7200 (Advance Payment of Employer Credits Due to COVID-19). The following were released on May 18, 2021 with a revision date of April 2021.

- [Form 7200](#)
- [Form 7200 Instructions](#)

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Name, Address, and Federal Employer ID number:
Complete with your individual employer information

Applicable quarter – check only one box.

Name on employment tax return (third-party payer) and EIN on employment tax return (if other than your own) **Leave these fields blank**

Part 1

- A.** Check box (1) for 941
- B.** Enter the total number of employees you paid qualified wages to for the Employee Retention Tax Credit
- C.** Enter the number from your most currently filed 941 line 2.
- D.** Enter the quarter most recently filed
- E.** Enter your average number of full-time employees.

For the Employee Retention Tax Credit (ERTC), a full-time employee is defined as one that in any calendar month in 2019 worked at least 30 hours per week or 130 hours in a month (this is the monthly equivalent of 30 hours per week) and the definition based on the employer shared responsibility provision in the ACA.

- Employers who were in business the entire calendar year in 2019 or 2020 would take the sum of the number of full-time employees in each calendar month and divide by 12.

- An employer who started a business during 2019 or 2020 determines the number of full-time employees by taking the sum of the number of full-time employees in each full calendar month in 2019 or 2020 in which the business operated and divide by that number of months.
- An employer who started a business in 2021 determines the number of full-time employees by taking the sum of the number of full-time employees in each full calendar month in 2021 that the business operated and divides by that number of months.

- A.** If you are not requesting an advance payment for qualified paid sick and/or family leave this item blank.
- B.** If you are not requesting an advance of the COBRA subsidy tax credit leave this item blank.
- C.** If you are a Recovery Startup business, check the box.

Note: This box should not be used until **after** July 1, 2021 as this provision is not in effect until third quarter 2021.

Recovery Startup businesses, businesses that started **after** February 15, 2020, that were forced to shut down due to a government order are allowed a credit of up to \$50,000 per quarter. All wages can be used to calculate this special credit provision.

Part 2

1. Enter the total ERTC you are qualified for so far in the quarter; qualified wages including allocable health plan expenses X 70%. **This must be a cumulative number even if you have already filed another Form 7200 in the quarter.**

- You may not enter an amount on line 1 (if you had an average of more than 500 employees in 2019 see line E above). Large employers are not allowed to receive an advance payment on Form 7200.
 - The ERTC for 2021 is 70% of the amount of the qualified wages (including health plan expenses) you **paid to your employees so far** in the current quarter up to \$10,000 per employee. Qualified wages may not exceed \$10,000 for any employee for the quarter. Therefore, the maximum employee retention credit per employee per quarter is \$7,000 (\$10,000 x 70%). On line 1, only include 70% of the qualified wages; don't enter the full amount. The maximum amount you may enter on line 1 for the quarter can't exceed the number of employees you have multiplied by \$7,000.
 - After you calculate the total amount of the employee retention credit **so far** for the quarter, you must determine if the total amount you may enter on line 1 for the quarter is limited.
 - The total amount of the advance of the ERTC for the quarter is limited to 70% of your average quarterly wages that you paid in calendar year 2019 (or 2020).
- 2.** Enter the total COVID-19 qualified paid sick leave wages. If you have not paid any this quarter, enter zero.
- 3.** Enter the total COVID-19 qualified paid family leave wages. If you have not paid any this quarter, enter zero.

4. Enter the total COBRA premiums you have subsidized this quarter. If you have not paid any this quarter, enter zero.

5. Enter the total for lines 1 through 4.

6. Enter the amount by which you have reduced (or we have reduced on your behalf) your federal employment taxes (Federal withholding and FICA) and retained these funds so for the quarter.

- You can calculate this amount by referring to your Cash Requirements and Deposits Reports (CRDR) for the quarter and adding the collection adjustments.

7. Enter the total of advances already requested (that haven't been rejected) so far this quarter.

8. Enter the total for lines 6 and 7

9. Subtract line 8 from line five and enter the total. This is the total advance you are requesting on this request.

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Sign and date the form and fax to the IRS (855-248-0552).

Send a copy of the form to your Paychex payroll service representative.

Failure to inform your Paychex payroll service representative of any Advances could result in:

- Overapplying these amounts to federal payroll taxes (double dipping)
- Incorrect Form 941 information filed on your behalf
- Penalties being assessed by the IRS

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