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# Instructions for Form 5884-A



Department of the Treasury  
Internal Revenue Service

(Rev. March 2021)

## Employee Retention Credit for Employers Affected by Qualified Disasters

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 5884-A and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form5884A](https://www.irs.gov/Form5884A).

## General Instructions

### Purpose of Form

Use Form 5884-A to claim the employee retention credit for employers affected by qualified disasters. The current year employee retention credit for employers affected by qualified disasters may consist of the following two credits.

- 2018 through 2019 qualified disaster employee retention credit.
- 2020 qualified disaster employee retention credit.

Partnerships, S corporations, cooperatives, estates, and trusts must file this form to claim the credit. All other taxpayers aren't required to complete or file this form if their only source for this credit is a partnership, S corporation, cooperative, estate, or trust. Instead, they can report this credit directly on Form 3800, General Business Credit.

### Which Revision To Use

Use the March 2021 revision of Form 5884-A for tax years beginning in 2018 or later, until a later revision is issued. Use prior revisions of the form for earlier tax years. All revisions are available at [IRS.gov/Form5884A](https://www.irs.gov/Form5884A).

### 2018 Through 2019 Qualified Disaster Employee Retention Credit (Form 5884-A, Line 1a)

An eligible employer who continued to pay or incur wages after the employer's business became inoperable because of damage from a 2018 through 2019 qualified disaster may be able to claim a credit equal to 40% of up to \$6,000 of qualified wages paid to or incurred for each eligible employee.

**Eligible employer.** For this purpose, an eligible employer is an employer who conducted an active trade or business in a 2018 through 2019 qualified disaster zone at any time during the applicable incident period and whose trade or business was inoperable at any time on or after the first day of the incident period and on or before December 20, 2019, because of damage sustained from the qualified disaster.

**Eligible employee.** For this purpose, an eligible employee is an employee of an eligible employer whose

principal place of employment with the employer immediately before the incident period of the qualified disaster was in the 2018 through 2019 qualified disaster zone.



*An employee isn't an eligible employee for any period during which the eligible employer is allowed a work opportunity credit for wages paid to or incurred for the employee.*

**Qualified wages.** For this purpose, qualified wages are wages you paid to or incurred for eligible employees at any time on or after the date your trade or business first became inoperable at the employee's principal place of employment (determined immediately before the first day of the incident period of the qualified disaster) and before the earlier of:

1. The date your trade or business resumed significant operations at that place, or
2. The date 150 days after the last day of the incident period.

The amount of qualified wages that may be taken into account is limited to \$6,000 per employee. This includes wages paid or incurred whether the employee performs no services, performs services at a place of employment other than the principal place of employment, or performs services at the principal place of employment before significant operations have resumed.

Wages qualifying for the credit generally have the same meaning as wages subject to the Federal Unemployment Tax Act (FUTA). Qualified wages also include amounts you paid or incurred for medical or hospitalization expenses in connection with sickness or accident disability. Qualified wages don't include wages paid to or incurred for your dependent or wages paid to or incurred for an employee related to you.

For agricultural employees, if the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$6,000 of that employee's wages subject to social security and Medicare taxes are qualified wages.

For purposes of this credit, qualified wages paid by a third-party payer (including an employee leasing company, a professional employer organization, or a Certified Professional Employer Organization) to eligible employees of an eligible employer are considered qualified wages incurred by the eligible employer. Only the eligible employer, and not the third-party payer, can take into account such qualified wages in claiming the credit.

**More information.** For more information about the 2018 through 2019 qualified disaster employee retention credit, see Public Law 116-94, Division Q, sections 201 and 203.

## **2018 Through 2019 Qualified Disaster Zones**

The following qualified disasters resulted in the designation of 2018 through 2019 qualified disaster zones. The information needed for credit purposes is provided below.

### **Alabama Severe Storms, Straight-Line Winds, and Tornadoes**

The applicable incident period began and ended on March 3, 2019. The date 150 days after the last day of the incident period was July 31, 2019.

**Counties in qualified disaster zone.** Lee.

### **Alabama Severe Storms and Tornadoes**

The applicable incident period began on March 19 and ended on March 20, 2018. The date 150 days after the last day of the incident period was August 17, 2018.

**Counties in qualified disaster zone.** Calhoun, Cullman, and Etowah.

### **Alaska Earthquake**

The applicable incident period began and ended on November 30, 2018. The date 150 days after the last day of the incident period was April 29, 2019.

**Counties in qualified disaster zone.** Anchorage (Borough), Kenai Peninsula (Borough), and Matanuska-Susitna (Borough).

### **American Samoa Tropical Storm Gita**

The applicable incident period began on February 7 and ended on February 12, 2018. The date 150 days after the last day of the incident period was July 12, 2018.

**Counties in qualified disaster zone.** Eastern (District), Manu'a (District), Rose Island (Island) (County-equivalent), Swains Island (Island) (County-equivalent), and Western (District).

### **Arkansas Severe Storms and Flooding**

The applicable incident period began on May 21 and ended on June 14, 2019. The date 150 days after the last day of the incident period was November 11, 2019.

**Counties in qualified disaster zone.** Arkansas, Conway, Crawford, Desha, Faulkner, Jefferson, Lincoln, Logan, Perry, Pope, Pulaski, Sebastian, and Yell.

### **California Wildfires and High Winds**

The applicable incident period began on July 23 and ended on September 19, 2018. The date 150 days after the last day of the incident period was February 16, 2019.

**Counties in qualified disaster zone.** Lake and Shasta.

### **California Wildfires**

The applicable incident period began on November 8 and ended on November 25, 2018. The date 150 days after the last day of the incident period was April 24, 2019.

**Counties in qualified disaster zone.** Butte, Los Angeles, and Ventura.

### **Florida Hurricane Michael**

The applicable incident period began on October 7 and ended on October 19, 2018. The date 150 days after the last day of the incident period was March 18, 2019.

**Counties in qualified disaster zone.** Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Leon, Liberty, Taylor, Wakulla, and Washington.

### **Georgia Hurricane Michael**

The applicable incident period began on October 9 and ended on October 23, 2018. The date 150 days after the last day of the incident period was March 22, 2019.

**Counties in qualified disaster zone.** Baker, Calhoun, Clay, Crisp, Decatur, Dougherty, Early, Grady, Laurens, Lee, Miller, Mitchell, Randolph, Seminole, Sumter, Terrell, Thomas, Tift, Turner, and Worth.

### **Hawaii Severe Storms, Flooding, Landslides, and Mudslides**

The applicable incident period began on April 13 and ended on April 16, 2018. The date 150 days after the last day of the incident period was September 13, 2018.

**Counties in qualified disaster zone.** Honolulu and Kauai.

### **Hawaii Kilauea Volcanic Eruption and Earthquakes**

The applicable incident period began on May 3 and ended on August 17, 2018. The date 150 days after the last day of the incident period was January 14, 2019.

**Counties in qualified disaster zone.** Hawaii.

### **Indiana Severe Storms and Flooding**

The applicable incident period began on February 14 and ended on March 4, 2018. The date 150 days after the last day of the incident period was August 1, 2018.

**Counties in qualified disaster zone.** Carroll, Clark, Dearborn, Elkhart, Floyd, Fulton, Harrison, Jasper, Jefferson, Kosciusko, LaPorte, Lake, Marshall, Ohio, Porter, Pulaski, Spencer, St. Joseph, Starke, Switzerland, Vanderburgh, and White.

### **Iowa Severe Storms and Flooding**

The applicable incident period began on March 12 and ended on June 15, 2019. The date 150 days after the last day of the incident period was November 12, 2019.

**Counties in qualified disaster zone.** Fremont, Harrison, Louisa, Mills, Monona, Muscatine, Pottawattamie, Scott, Shelby, and Woodbury.

### **Mississippi Severe Storms, Straight-Line Winds, Tornadoes, and Flooding**

The applicable incident period began on February 22 and ended on August 23, 2019. The date 150 days after the last day of the incident period was January 20, 2020.

**Counties in qualified disaster zone.** Clay, Humphreys, Issaquena, Lowndes, Monroe, Sharkey, Warren, and Yazoo.

### **Missouri Severe Storms, Tornadoes, and Flooding**

The applicable incident period began on April 29 and ended on July 5, 2019. The date 150 days after the last day of the incident period was December 2, 2019.

**Counties in qualified disaster zone.** Andrew, Atchison, Boone, Buchanan, Callaway, Carroll, Chariton, Cole, Greene, Holt, Jackson, Jasper, Jefferson, Lafayette, Lewis, Lincoln, Livingston, McDonald, Miller, Newton, Osage, Pike, Platte, Pulaski, Saline, and St. Charles.

### **Nebraska Severe Winter Storm, Straight-Line Winds, and Flooding**

The applicable incident period began on March 9 and ended on July 14, 2019. The date 150 days after the last day of the incident period was December 11, 2019.

**Counties in qualified disaster zone.** Antelope, Boone, Boyd, Buffalo, Burt, Butler, Cass, Colfax, Cuming, Custer, Dawson, Dodge, Douglas, Hall, Holt, Howard, Knox, Madison, Nance, Nemaha, Pierce, Platte, Richardson, Saline, Santee Indian Reservation, Sarpy, Saunders, Stanton, Thurston, and Washington.

### **North Carolina Tornado and Severe Storms**

The applicable incident period began and ended on April 15, 2018. The date 150 days after the last day of the incident period was September 12, 2018.

**Counties in qualified disaster zone.** Guilford and Rockingham.

### **North Carolina Hurricane Florence**

The applicable incident period began on September 7 and ended on September 29, 2018. The date 150 days after the last day of the incident period was February 26, 2019.

**Counties in qualified disaster zone.** Anson, Beaufort, Bladen, Brunswick, Carteret, Chatham, Columbus, Craven, Cumberland, Duplin, Durham, Greene, Guilford, Harnett, Hoke, Hyde, Johnston, Jones, Lee, Lenoir, Moore, New Hanover, Onslow, Orange, Pamlico, Pender, Pitt, Richmond, Robeson, Sampson, Scotland, Union, Wayne, and Wilson.

### **Northern Mariana Islands Typhoon Mangkhut**

The applicable incident period began on September 10 and ended on September 11, 2018. The date 150 days after the last day of the incident period was February 8, 2019.

**Counties in qualified disaster zone.** Rota (Municipality), Saipan (Municipality), and Tinian (Municipality).

### **Northern Mariana Islands Super Typhoon Yutu**

The applicable incident period began on October 24 and ended on October 26, 2018. The date 150 days after the last day of the incident period was March 25, 2019.

**Counties in qualified disaster zone.** Northern Islands (Municipality), Rota (Municipality), Saipan (Municipality), and Tinian (Municipality).

### **Ohio Severe Storms, Straight-Line Winds, Tornadoes, Flooding, Landslides, and Mudslide**

The applicable incident period began on May 27 and ended on May 29, 2019. The date 150 days after the last day of the incident period was October 26, 2019.

**Counties in qualified disaster zone.** Auglaize, Darke, Greene, Hocking, Mahoning, Mercer, Miami, Montgomery, Muskingum, Perry, and Pickaway.

### **Oklahoma Severe Storms, Straight-Line Winds, Tornadoes, and Flooding**

The applicable incident period began on May 7 and ended on June 9, 2019. The date 150 days after the last day of the incident period was November 6, 2019.

**Counties in qualified disaster zone.** Alfalfa, Canadian, Cherokee, Craig, Creek, Delaware, Garfield, Kay, Kingfisher, Le Flore, Logan, Mayes, Muskogee, Noble, Nowata, Okmulgee, Osage, Ottawa, Pawnee, Payne, Pottawatomie, Rogers, Sequoyah, Tulsa, Wagoner, Washington, and Woods.

### **South Carolina Hurricane Florence**

The applicable incident period began on September 8 and ended on October 8, 2018. The date 150 days after the last day of the incident period was March 7, 2019.

**Counties in qualified disaster zone.** Chesterfield, Darlington, Dillon, Florence, Georgetown, Horry, Marion, and Marlboro.

### **South Dakota Winter Storm, Snowstorm, and Flooding**

The applicable incident period began on March 13 and ended on April 26, 2019. The date 150 days after the last day of the incident period was September 23, 2019.

**Counties in qualified disaster zone.** Bennett, Bon Homme, Charles Mix, Cheyenne River Indian Reservation, Dewey, Hutchinson, Jackson, Mellette, Minnehaha, Oglala Lakota, Oglala Sioux Tribe of the Pine Ridge Reservation, Rosebud Indian Reservation, Todd, Turner, Yankton, and Ziebach.

## South Dakota Severe Storms, Tornadoes, and Flooding

The applicable incident period began on September 9 and ended on September 26, 2019. The date 150 days after the last day of the incident period was February 23, 2020.

**Counties in qualified disaster zone.** Aurora, Brookings, Charles Mix, Davison, Flandreau Indian Reservation, Hanson, Hutchinson, Lake, Lincoln, McCook, Minnehaha, Moody, Yankton, and Yankton Indian Reservation.

## Texas Severe Storms and Flooding

The applicable incident period began on June 19 and ended on July 13, 2018. The date 150 days after the last day of the incident period was December 10, 2018.

**Counties in qualified disaster zone.** Cameron, Hidalgo, and Jim Wells.

## Texas Severe Storms and Flooding

The applicable incident period began on June 24 and ended on June 25, 2019. The date 150 days after the last day of the incident period was November 22, 2019.

**Counties in qualified disaster zone.** Cameron, Hidalgo, and Willacy.

## Texas Tropical Storm Imelda

The applicable incident period began on September 17 and ended on September 23, 2019. The date 150 days after the last day of the incident period was February 20, 2020.

**Counties in qualified disaster zone.** Chambers, Harris, Jefferson, Liberty, Montgomery, Orange, and San Jacinto.

## Wisconsin Severe Storms, Tornadoes, Straight-Line Winds, Flooding, and Landslides

The applicable incident period began on August 17 and ended on September 14, 2018. The date 150 days after the last day of the incident period was February 11, 2019.

**Counties in qualified disaster zone.** Crawford, Dane, Juneau, La Crosse, Marquette, Monroe, Richland, Sauk, and Vernon.

## 2020 Qualified Disaster Employee Retention Credit (Form 5884-A, Line 1b)

An eligible employer who continued to pay or incur wages after the employer's business became inoperable because of damage from a 2020 qualified disaster may be able to claim a credit equal to 40% of up to \$6,000 of qualified wages paid to or incurred for each eligible employee.



*Certain tax-exempt organizations can use Form 5884-D to claim the 2020 qualified disaster employee retention credit against certain employment taxes. See Form 5884-D and its separate instructions for details.*

**Eligible employer.** For this purpose, an eligible employer is an employer who conducted an active trade or business in a 2020 qualified disaster zone at any time during the applicable incident period and whose trade or business was inoperable at any time on or after the first day of the incident period and on or before December 27, 2020, because of damage sustained from the qualified disaster.

**Eligible employee.** For this purpose, an eligible employee is an employee of an eligible employer whose principal place of employment with the employer immediately before the incident period of the qualified disaster was in the 2020 qualified disaster zone.

**Qualified wages.** For this purpose, qualified wages are wages you paid to or incurred for eligible employees at any time on or after the date your trade or business first became inoperable at the employee's principal place of employment (determined immediately before the first day of the incident period of the qualified disaster) and before the earlier of:

1. The date your trade or business resumed significant operations at that place, or
2. The date 150 days after the last day of the incident period.

The amount of qualified wages that may be taken into account is limited to \$6,000 per employee. This includes wages paid or incurred whether the employee performs no services, performs services at a place of employment other than the principal place of employment, or performs services at the principal place of employment before significant operations have resumed.

Wages qualifying for the credit generally have the same meaning as wages subject to the Federal Unemployment Tax Act (FUTA). Qualified wages also include amounts you paid or incurred for medical or hospitalization expenses in connection with sickness or accident disability. Qualified wages don't include wages paid to or incurred for your dependent or wages paid to or incurred for an employee related to you.

Qualified wages do not include the following wages.

- Any wages used to figure a coronavirus-related employee retention credit on an employment tax return, such as Form 941, Employer's QUARTERLY Federal Tax Return.
- Any wages used to figure a credit on Form 5884-D, Employee Retention Credit for Certain Tax-Exempt Organizations Affected by Qualified Disasters.

For agricultural employees, if the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$6,000 of that employee's wages subject to social security and Medicare taxes are qualified wages.

For purposes of this credit, qualified wages paid by a third-party payer (including an employee leasing company, a professional employer organization, or a Certified Professional Employer Organization) to eligible employees of an eligible employer are considered qualified wages incurred by the eligible employer. Only the eligible employer, and not the third-party payer, can

take into account such qualified wages in claiming the credit.

**More information.** For more information about the 2020 qualified disaster employee retention credit, see Public Law 116-260, Division EE, sections 301 and 303.

### **2020 Qualified Disaster Zones**

The following qualified disasters resulted in the designation of the 2020 qualified disaster zones. The information needed for credit purposes is provided below.

#### **Alabama Hurricane Sally**

The applicable incident period began on September 14 and ended on September 16, 2020. The date 150 days after the last day of the incident period was February 13, 2021.

**Counties in qualified disaster zone.** Baldwin, Escambia, and Mobile.

#### **Alabama Hurricane Zeta**

The applicable incident period began on October 28 and ended on October 29, 2020. The date 150 days after the last day of the incident period was March 28, 2021.

**Counties in qualified disaster zone.** Clarke, Dallas, Marengo, Mobile, Perry, Washington, and Wilcox.

#### **California Wildfires**

The applicable incident period began on August 14 and ended on September 26, 2020. The date 150 days after the last day of the incident period was February 23, 2021.

**Counties in qualified disaster zone.** Butte, Lake, Lassen, Mendocino, Monterey, Napa, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Trinity, Tulare, and Yolo.

#### **California Wildfires**

The applicable incident period began on September 4 and ended on November 17, 2020. The date 150 days after the last day of the incident period was April 16, 2021.

**Counties in qualified disaster zone.** Fresno, Los Angeles, Madera, Mendocino, Napa, San Bernardino, San Diego, Shasta, Siskiyou, and Sonoma.

#### **Florida Hurricane Sally**

The applicable incident period began on September 14 and ended on September 28, 2020. The date 150 days after the last day of the incident period was February 25, 2021.

**Counties in qualified disaster zone.** Bay, Escambia, Okaloosa, Santa Rosa, and Walton.

#### **Iowa Severe Storms**

The applicable incident period began and ended on August 10, 2020. The date 150 days after the last day of the incident period was January 7, 2021.

**Counties in qualified disaster zone.** Benton, Boone, Cedar, Clinton, Jasper, Linn, Marshall, Polk, Poweshiek, Scott, Story, and Tama.

#### **Louisiana Hurricane Laura**

The applicable incident period began on August 22 and ended on August 27, 2020. The date 150 days after the last day of the incident period was January 24, 2021.

**Parishes in qualified disaster zone.** Acadia, Allen, Beauregard, Caddo, Calcasieu, Cameron, Grant, Jackson, Jefferson Davis, La Salle, Lincoln, Morehouse, Natchitoches, Ouachita, Rapides, Sabine, St. Landry, Union, Vermilion, Vernon, and Winn.

#### **Louisiana Hurricane Delta**

The applicable incident period began on October 6 and ended on October 10, 2020. The date 150 days after the last day of the incident period was March 9, 2021.

**Parishes in qualified disaster zone.** Acadia, Allen, Beauregard, Calcasieu, Cameron, Iberia, Jefferson Davis, Lafayette, Rapides, St. Landry, St. Martin, and Vermilion.

#### **Louisiana Hurricane Zeta**

The applicable incident period began on October 26 and ended on October 29, 2020. The date 150 days after the last day of the incident period was March 28, 2021.

**Parishes in qualified disaster zone.** Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, and Terrebonne.

#### **Michigan Severe Storms and Flooding**

The applicable incident period began on May 16 and ended on May 22, 2020. The date 150 days after the last day of the incident period was October 19, 2020.

**Counties in qualified disaster zone.** Arenac, Gladwin, Iosco, Midland, and Saginaw.

#### **Mississippi Severe Storms, Tornadoes, Straight-Line Winds, and Flooding**

The applicable incident period began and ended on April 12, 2020. The date 150 days after the last day of the incident period was September 9, 2020.

**Counties in qualified disaster zone.** Clarke, Covington, Grenada, Jasper, Jefferson Davis, Jones, Lawrence, Panola, and Walthall.

#### **Mississippi Hurricane Zeta**

The applicable incident period began on October 28 and ended on October 29, 2020. The date 150 days after the last day of the incident period was March 28, 2021.

**Counties in qualified disaster zone.** George, Greene, Hancock, Harrison, Jackson, and Stone.

### **Oregon Severe Storms, Flooding, Landslides, and Mudslides**

The applicable incident period began on February 5 and ended on February 9, 2020. The date 150 days after the last day of the incident period was July 8, 2020.

**Counties in qualified disaster zone.** Umatilla and Umatilla Indian Reservation.

### **Oregon Wildfires and Straight-Line Winds**

The applicable incident period began on September 7 and ended on November 3, 2020. The date 150 days after the last day of the incident period was April 2, 2021.

**Counties in qualified disaster zone.** Clackamas, Douglas, Jackson, Klamath, Lane, Lincoln, Linn, and Marion.

### **Puerto Rico Earthquakes**

The applicable incident period began on December 28, 2019, and ended on July 3, 2020. The date 150 days after the last day of the incident period was November 30, 2020.

**Municipalities in qualified disaster zone.** Adjuntas, Aguada, Añasco, Arecibo, Barceloneta, Cabo Rojo, Ciales, Coamo, Corozal, Guánica, Guayanilla, Hormigueros, Jayuya, Juana Díaz, Lajas, Lares, Las Marías, Maricao, Mayagüez, Moca, Morovis, Naranjito, Orocovis, Peñuelas, Ponce, Sabana Grande, Salinas, San Germán, San Sebastián, Santa Isabel, Utuado, Villalba, and Yauco.

### **Puerto Rico Tropical Storm Isaias**

The applicable incident period began on July 29 and ended on July 31, 2020. The date 150 days after the last day of the incident period was December 28, 2020.

**Municipalities in qualified disaster zone.** Aguada, Hormigueros, Mayagüez, and Rincón.

### **Puerto Rico Severe Storm and Flooding**

The applicable incident period began and ended on September 13, 2020. The date 150 days after the last day of the incident period was February 10, 2021.

**Municipality in qualified disaster zone.** Arecibo.

### **South Carolina Severe Storms, Tornadoes, and Straight-Line Winds**

The applicable incident period began on April 12 and ended on April 13, 2020. The date 150 days after the last day of the incident period was September 10, 2020.

**Counties in qualified disaster zone.** Aiken, Barnwell, Berkeley, Colleton, Hampton, Marlboro, Oconee, Orangeburg, and Pickens.

### **Tennessee Severe Storms, Tornadoes, Straight-Line Winds, and Flooding**

The applicable incident period began and ended on March 3, 2020. The date 150 days after the last day of the incident period was July 31, 2020.

**Counties in qualified disaster zone.** Davidson, Putnam, and Wilson.

### **Tennessee Severe Storms, Tornadoes, Straight-Line Winds, and Flooding**

The applicable incident period began on April 12 and ended on April 13, 2020. The date 150 days after the last day of the incident period was September 10, 2020.

**Counties in qualified disaster zone.** Bradley and Hamilton.

### **Utah Earthquake and Aftershocks**

The applicable incident period began on March 18 and ended on April 17, 2020. The date 150 days after the last day of the incident period was September 14, 2020.

**Counties in qualified disaster zone.** Davis and Salt Lake.

## **Member of Controlled Group or Business Under Common Control**

For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single employer. As a member, figure your credit based on your proportionate share of qualified wages giving rise to the group's employee retention credit for employers affected by qualified disasters. Enter your share of the credit on line 2. Attach a statement showing how your share of the credit was figured, and enter "See attached" next to the entry space for line 2.

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## **Specific Instructions**

### **Lines 1a and 1b**

Enter the total qualified wages (defined earlier) paid or incurred during your tax year. Don't enter more than \$6,000 for each qualified employee (reduced by the amount of qualified wages taken into account for each qualified employee for any prior tax year).

### **Line 2**

In general, you must reduce your deduction for salaries and wages by the amount on line 2. You must make this reduction even if you can't take the full credit this year because of the tax liability limit on Form 3800. If you capitalized any costs on which you figured the credit, reduce the amount capitalized by the amount of the credit attributable to these costs.

### **Line 3**

Enter total employee retention credits for employers affected by qualified disasters from:

- Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., box 15 (code P);
- Schedule K-1 (Form 1120-S), Shareholder's Share of Income, Deductions, Credits, etc., box 13 (code P);
- Schedule K-1 (Form 1041), Beneficiary's Share of Income, Deductions, Credits, etc., box 13 (code Z); or

- Form 1099-PATR, Taxable Distributions Received From Cooperatives, box 12 (box 11 for 2019; box 10 before 2019), or other notice of credit allocation.

Partnerships, S corporations, cooperatives, estates, and trusts report the above credits on line 3. All other filers figuring a separate credit on earlier lines also report the above credits on line 3. All others not using earlier lines to figure a separate credit can report the above credits directly on Form 3800, Part III, line 1aa.

## Line 5

**Cooperatives.** A cooperative described in section 1381(a) must allocate to its patrons the credit in excess of its tax liability limit. Therefore, to figure the unused amount of the credit allocated to patrons, the cooperative must first figure its tax liability. While any excess is allocated to patrons, any credit recapture applies as if the cooperative had claimed the entire credit.

If the cooperative is subject to the passive activity rules, include on line 3 any Form 5884-A credit from passive

activities disallowed for prior years and carried forward to this year. Complete Form 8810, Corporate Passive Activity Loss and Credit Limitations, to determine the allowed credit that must be allocated to patrons. For details, see the Instructions for Form 8810.

**Estates and trusts.** Allocate the employee retention credit for employers affected by qualified disasters on line 4 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries' share on line 5.

If the estate or trust is subject to the passive activity rules, include on line 3 any Form 5884-A credit from passive activities disallowed for prior years and carried forward to this year. Complete Form 8582-CR, Passive Activity Credit Limitations, to determine the allowed credit that must be allocated between the estate or trust and the beneficiaries. For details, see the Instructions for Form 8582-CR.

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**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123 and is included in the estimates shown in the instructions for their individual and business income tax return. The estimated burden for all other taxpayers who file this form is shown below.

|  |                |
|--|----------------|
| <b>Recordkeeping</b> .....                             | 2 hr., 23 min. |
| <b>Learning about the law or the form</b> .....        | 18 min.        |
| <b>Preparing and sending the form to the IRS</b> ..... | 21 min.        |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

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