



Note: *The draft you are looking for begins on the next page.*

Caution: DRAFT—NOT FOR FILING

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information. **Do not file draft forms** and do **not** rely on draft forms, instructions, and publications for filing. We do **not** release draft forms until we believe we have incorporated all changes (except when explicitly stated on this coversheet). However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of a form and the final revision of the form. Forms and instructions generally are subject to OMB approval before they can be officially released, so we post only drafts of them until they are approved. Drafts of instructions and publications usually have some changes before their final release.

Early release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) and remain there after the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms). All information about all forms, instructions, and pubs is at [IRS.gov/Forms](https://www.irs.gov/Forms).

Almost every form and publication has a page on IRS.gov with a friendly shortcut. For example, the Form 1040 page is at [IRS.gov/Form1040](https://www.irs.gov/Form1040); the Pub. 501 page is at [IRS.gov/Pub501](https://www.irs.gov/Pub501); the Form W-4 page is at [IRS.gov/W4](https://www.irs.gov/W4); and the Schedule A (Form 1040/SR) page is at [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA). If typing in a link above instead of clicking on it, be sure to type the link into the address bar of your browser, not a Search box.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or publications at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product.

If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more info, click [here](#).

Instructions for Form 7200



Department of the Treasury
Internal Revenue Service

(Rev. April 2021)

Advance Payment of Employer Credits Due to COVID-19

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

Future Developments

For the latest information about developments related to Form 7200 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form7200](https://www.irs.gov/Form7200).



At the time Form 7200 and these instructions went to print, the credit for qualified sick and family leave wages is available for leave taken before October 1, 2021, and the employee retention credit is available for wages paid before January 1, 2022. COBRA premium assistance is only available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. However, the COBRA premium assistance credit could be claimed on employment tax returns for the second, third, or fourth quarter of 2021, depending on when the employer (or other person) becomes entitled to the credit. If any of these credits are extended, and advance payments are allowed for future quarters, an update will be posted under Recent Developments at [IRS.gov/Form7200](https://www.irs.gov/Form7200). See [When May You File](#), later, for more information.

General Instructions

What's New

The COVID-19 related employee retention credit has been extended and amended. The American Rescue Plan Act of 2021 (the ARP) adds new section 3134 to the Internal Revenue Code to provide an employee retention credit similar to the credit that was previously enacted under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and amended and extended by the Taxpayer Certainty and Disaster Tax Relief Act of 2020. The employee retention credit is available for qualified wages paid before January 1, 2022. Generally, the rules for the employee retention credit for the second quarter of 2021 and third and fourth quarters of 2021 are substantially similar. However, the following changes under the ARP begin July 1, 2021, and are applicable for only the third and fourth quarters of 2021.

- The ARP creates a new category of an eligible employer called a recovery startup business. For a definition of recovery startup business, see the instructions for [line H](#), later.
- Qualified wages for the employee retention credit under section 3134 don't include wages taken into account for credits under sections 41, 45A, 45P, 45S, 51, 1396, 3131, and 3132. Additionally, qualified wages for the employee retention credit can't include amounts used as payroll costs for a Small Business Interruption Loan under the

Paycheck Protection Program (PPP) that is forgiven or amounts used as payroll costs for shuttered operator grants and restaurant revitalization grants. See the instructions for [line 1](#), later.

See [When May You File](#), later, for information on the deadlines for filing Form 7200 to request an advance of the employee retention credit. See Notice 2021-23, 2021-16 I.R.B. 1113, available at [IRS.gov/irb/2021-16_IRB#NOT-2021-23](https://www.irs.gov/irb/2021-16_IRB#NOT-2021-23), for guidance on the employee retention credit provided under section 2301 of the CARES Act, as amended by section 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, for qualified wages paid after December 31, 2020, and before July 1, 2021. The IRS expects to issue guidance about the employee retention credit provided under the ARP for wages paid after June 30, 2021, and before January 1, 2022, later this year. A link to any new guidance issued will be posted at [IRS.gov/ERC](https://www.irs.gov/ERC).

The COVID-19 related credit for qualified sick and family leave wages has been extended and amended. The ARP adds new sections 3131, 3132, and 3133 to the Internal Revenue Code to provide credits for qualified sick and family leave wages similar to the credits that were previously enacted under the Families First Coronavirus Response Act (FFCRA) and amended and extended by the COVID-related Tax Relief Act of 2020. The credits under sections 3131 and 3132 are available for qualified wages paid for leave taken after March 31, 2021, and before October 1, 2021. Below are the major changes made under the ARP.

- The ARP keeps the daily wage thresholds that previously existed. The aggregate cap on qualified sick leave wages remains at 80 hours (10 days), but the limitation on the number of days resets on April 1, 2021. The aggregate cap on qualified family leave wages increases to \$12,000 from the previous cap of \$10,000, and the aggregate cap resets on April 1, 2021.
- The ARP also created a new category of leave under the Emergency Paid Sick Leave Act (EPSLA) and the Expanded Family and Medical Leave Act (Expanded FMLA) to include the time the employee is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 (and the employee has been exposed to COVID-19 or the employee's employer has requested such test or diagnosis), or the employee is obtaining immunizations related to COVID-19 or recovering from an injury, disability, illness, or condition related to such immunization. Additionally, employers may provide employees with paid family leave if the employee is unable to work due to any of the conditions for which eligible employers may provide paid sick leave under the EPSLA.
- The credits are still increased by the qualified health plan expenses allocable to the qualified sick and family leave wages, but the credits are now also increased, subject to the credit limitations, by certain amounts paid

under collective bargaining agreements that are properly allocable to the qualified leave wages. The collectively bargained contributions paid by an eligible employer that are eligible for the credit are collectively bargained defined benefit pension plan contributions and collectively bargained apprenticeship program contributions that are properly allocable to qualified leave wages.

- Under section 3133, the credits are increased by the amount of the employer share of social security tax and Medicare tax on the qualified sick and family leave wages.
- Governmental employers, except for the federal government (and its agencies and instrumentalities, except for those that are described in section 501(c)(1)), may now claim the credits.
- Generally, the same wages can't be used for both the credit for qualified sick leave wages and the credit for family leave wages. Additionally, none of the wages used for these leave credits can be used for the employee retention credit or certain other credits. The credit for qualified sick leave wages and qualified family leave wages doesn't apply to wages taken into account as payroll costs for a Small Business Interruption Loan under the PPP that is forgiven or in connection with shuttered operator grants and restaurant revitalization grants. See the instructions for [line 2](#) and [line 3](#), later, for more information.
- The credit for qualified sick leave wages and qualified family leave wages isn't allowed in a quarter in which the employer provides the leave in a manner that discriminates in favor of highly compensated employees, full-time employees, or employees on the basis of employment tenure. See [Highly compensated employee](#), later, for the definition.

See [When May You File](#), later, for information on the deadlines for filing Form 7200 to request an advance of the credit for qualified sick and family leave wages. For more information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](#).

New credit and advance for COBRA premium assistance payments. Section 9501 of the ARP provides for COBRA premium assistance in the form of a full reduction in the premium otherwise payable by certain individuals and their families who elect COBRA continuation coverage due to a loss of coverage as the result of a reduction in hours or an involuntary termination of employment (assistance eligible individuals). This COBRA premium assistance is available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021.

Section 9501(b) of the ARP adds a new section 6432 that allows a credit (COBRA premium assistance credit) against the employer share of Medicare tax for each calendar quarter in an amount equal to the premiums not paid by assistance eligible individuals for COBRA continuation coverage by reason of section 9501(a)(1) of the ARP. For more information, see the instructions for [line G](#) and [line 4](#), later. See [When May You File](#), later, for information on the deadlines for filing Form 7200 to request an advance of the COBRA premium assistance credit.

Reminders

Reducing deposits for advanceable employment tax credits. When employers pay their employees, they're required to withhold federal income tax and the employee share of social security and Medicare taxes. Employers are required to deposit these taxes, along with their employer share of social security and Medicare taxes, with the IRS and file employment tax returns (Form(s) 941, 943, 944, or CT-1) with the IRS. Eligible employers who pay qualified sick and family leave wages, pay qualified wages eligible for the employee retention credit, and/or provide COBRA premium assistance to help assistance eligible individuals continue their health benefits should retain an amount of the employment taxes equal to their anticipated credit for qualified sick and family leave wages, employee retention credit, and/or COBRA premium assistance credit rather than depositing these amounts with the IRS. The employment taxes that are available for the credits include withheld federal income tax, the employee share of social security and Medicare taxes, and the employer share of social security and Medicare taxes with respect to all employees. If there aren't sufficient employment taxes to retain to cover your anticipated credits, employers can file Form 7200 to request an advance payment from the IRS subject to limitations discussed later in these instructions. Don't reduce your deposits and request advance credit payments for the same expected credit. You will need to reconcile your advance credit payments and reduced deposits on your employment tax return. For more information, see Notice 2021-24, 2021-18 I.R.B. 1122, available at [IRS.gov/irb/2021-18_IRB#NOT-2021-24](#).

Examples. If an employer is entitled to a credit of \$5,000 for qualified sick leave wages, certain related health plan expenses, and the employer share of social security and Medicare tax on the leave wages and is otherwise required to deposit \$8,000 in employment taxes, the employer could reduce its federal employment tax deposits by \$5,000. The employer would only be required to deposit the remaining \$3,000 on its next regular deposit date. If an employer is entitled to an employee retention credit of \$10,000 and was required to deposit \$8,000 in employment taxes, the employer could retain the entire \$8,000 of taxes as a portion of the refundable tax credit it is entitled to and file a request for an advance payment for the remaining \$2,000, subject to the limitations described in the next paragraph, using Form 7200.

Amount of advance for the employee retention credit is limited. For the employee retention credit, the amount of the advance of the anticipated credit may not exceed 70% of the average quarterly wages paid by the employer in calendar year 2019. The advance may also be further limited if the employer qualifies for the employee retention credit solely because the business is a recovery startup business. See the instructions for [line E](#), [line H](#), and [line 1](#) for more information. Also, only small employers (those that averaged 500 or fewer full-time employees in 2019) may request an advance of the employee retention credit. See [Certain advances are limited to small employers](#), later.

Purpose of Form 7200

These instructions give you some background information about Form 7200. They tell you who may file Form 7200, when and how to file it, and how to complete it line by line. For the latest information about coronavirus (COVID-19) tax relief, go to [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus). For information about the credit for qualified sick and family leave wages, go to [IRS.gov/PLC](https://www.irs.gov/PLC). See [Notice 2021-23](#) for guidance on the employee retention credit for qualified wages paid after December 31, 2020, and before July 1, 2021. The IRS expects to issue guidance about the employee retention credit for wages paid after June 30, 2021, and before January 1, 2022, later this year. A link to any new guidance issued will be posted at [IRS.gov/ERC](https://www.irs.gov/ERC). If you want more in-depth information about payroll tax topics, see Pub. 15 or go to [IRS.gov/EmploymentTaxes](https://www.irs.gov/EmploymentTaxes).

Use Form 7200 to request an advance payment of the tax credits for qualified sick and qualified family leave wages, the employee retention credit, and the COBRA premium assistance credit that you will claim on the following forms.

- Form 941, Employer's QUARTERLY Federal Tax Return.
- Form 941-PR, Planilla para la Declaración Federal TRIMESTRAL del Patrono.
- Form 941-SS, Employer's QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands).
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees.
- Form 943-PR, Planilla para la Declaración Anual de la Contribución Federal del Patrono de Empleados Agrícolas.
- Form 944, Employer's ANNUAL Federal Tax Return.
- Form CT-1, Employer's Annual Railroad Retirement Tax Return.



You can't request an advance payment of the credits for sick and family leave for self-employed individuals. Don't use Form 7200 for those credits.

All references to Form 941 in these instructions also apply to Forms 941-SS and 941-PR. All references to Form 943 in these instructions also apply to Form 943-PR.

Except where specifically indicated, all references to "wages" in these instructions also mean "compensation" under the Railroad Retirement Tax Act (RRTA).



When you file Form 7200, you're only requesting an advance of the credits that you will claim on your employment tax return; you're not actually claiming the credits. The credits are claimed when you file Form 941 for the quarter, or Form 943, 944, or CT-1 for the year. You claim the credits by reporting the amount of the credit on specific lines on your employment tax return. For example, on Form 941 for the second quarter of 2021, the credits are reported on lines 11b, 11c, 11d, 11e, 13c, 13d, 13e, and 13f. You must report the total amount of the advances you received from filing Form 7200 for the quarter on Form 941, line 13h. If you file Form 943, 944, or CT-1, see the form that you file and its instructions for the

specific lines on which the credits and advances are reported.

Who May File Form 7200?

Generally, employers that file Form(s) 941, 943, 944, or CT-1 may file Form 7200 to request an advance payment of the tax credit for qualified sick and family leave wages, the employee retention credit, and/or the COBRA premium assistance credit. You will need to reconcile any advance credit payments and reduced deposits on your employment tax return(s) that you will file for 2021. No employer is required to file Form 7200. As described earlier under [Reminders](#), instead of filing Form 7200, you should first reduce your employment tax deposits to account for the credits. You can request an advance of the credit that exceeds your reduced deposits by filing Form 7200 or you can wait to get any refund when you claim the credits on your employment tax return.



New businesses formed after December 31, 2020, can't file Form 7200 to apply for an advance payment of the employee retention credit.

Certain advances are limited to small employers. For private employers, the credit for qualified sick and family leave wages may be claimed by employers that employ fewer than 500 full-time and part-time employees at the time the leave is taken; see [IRS.gov/PLC](https://www.irs.gov/PLC) and guidance from the Department of Labor at [DOL.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic) for more information. Advance payments of the employee retention credit for 2021 are limited to small employers that averaged 500 or fewer full-time employees in 2019. For employers that weren't in existence in 2019, advance payments are limited to small employers that averaged 500 or fewer full-time employees in 2020. For more information, see the instructions for [line E](#), [line H](#), and [line 1](#), later.

Employment Tax Return Filed by a Third-Party Payer

If you're the common-law employer of the individuals that are paid qualified sick or family leave wages, paid wages qualifying for the employee retention credit, and/or provided COBRA premium assistance, you're entitled to the credit for the sick and family leave wages, the employee retention credit, and/or the COBRA premium assistance credit, regardless of whether you use a third-party payer (such as a professional employer organization (PEO), certified professional employer organization (CPEO), or section 3504 agent) to report and pay your federal employment taxes. The third-party payer isn't entitled to the credits with respect to the wages and taxes it remits on your behalf, or the COBRA premium assistance it remits on your behalf (regardless of whether the third party is considered an "employer" for other purposes). With respect to the COBRA premium assistance credit, the preceding sentences assume the common-law employer is the person to whom premiums are payable for purposes of the credit. If the insurer or multiemployer plan is the person to whom premiums are payable, the references to employer in this paragraph should be read to refer to the insurer or multiemployer plan, as applicable. For an exception to the rule that the

common-law employer is entitled to the COBRA premium assistance credit even if the common-law employer uses a third-party payer, see [Third-party payer treated as the person to whom premiums are payable](#), later.

Section 3504 agents and CPEOs must complete Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, when filing an aggregate Form 941; or Schedule R (Form 943), Allocation Schedule for Aggregate Form 943 Filers, when filing an aggregate Form 943. If you're a client of a section 3504 agent or CPEO, and you're otherwise entitled to request the advance payment of the credits on Form 7200, you may still request the advance even though your employment tax return information is included on the aggregate employment tax return filed by the section 3504 agent or CPEO. However, you will need to provide your section 3504 agent or CPEO with copies of the Form(s) 7200 that you submitted so they can reconcile the credits on the aggregate employment tax return.

If you're a client of a non-certified PEO (a PEO that pays wages to individuals as part of the services provided to a client pursuant to a service agreement, such as collecting, reporting, and/or paying or depositing employment taxes), and you're otherwise entitled to request the advance payment of the credits on Form 7200, you may still request the advance even though your employment tax return information is included on the aggregate employment tax return filed by the non-certified PEO. You will need to provide your non-certified PEO with copies of the Form(s) 7200 that you submitted so they can reconcile the credits on the aggregate employment tax return using Schedule R (Form 941).



The common-law employer is responsible for the accounting of the employee retention credit and for any liability for improperly claimed credits.

*CPEOs and other third-party payers must accurately report the employee retention credits based on the information provided by the common-law employer. The CPEO or other third-party payer will be liable for employment taxes, in accord with its normal liability, that are due as a result of **any** improperly claimed credits.*

For more information about third-party payers filing Form 7200, see the frequently asked questions at [IRS.gov/PLC](https://www.irs.gov/PLC). For information on the different types of third-party payer arrangements, see section 16 of Pub. 15.

Third-party payer treated as the person to whom premiums are payable. Under an exception to the rule that the common-law employer is entitled to the COBRA premium assistance credit even if the common-law employer uses a third-party payer, a third-party payer is entitled to the credit if it is treated as the person to whom premiums are payable. A third-party payer is treated as the person to whom premiums are payable if it:

- Maintains the group health plan;
- Is considered the sponsor of the group health plan and is subject to the applicable DOL COBRA guidance, including providing the COBRA election notices to qualified beneficiaries; and
- Would have received the COBRA premium payments directly from the assistance eligible individuals were it not for the COBRA premium assistance.

In this case, a third-party payer's clients aren't eligible for the COBRA premium assistance credit or an advance payment of the COBRA premium assistance credit.

If you're a third-party payer that is considered the person to whom premiums are payable, write "TPP Plan Administrator" above the dotted line to the left of the line 4 entry box.

Third-party payers that are considered the person to whom premiums are payable may, in anticipation of receiving the COBRA premium assistance credit, reduce the deposits of federal employment taxes relating to their own employees (that is, those employees for whom they are filing as the common-law employer, rather than as a third-party payer) on the day they become eligible for the credit. If the anticipated credit exceeds the available reduction of these deposits, the third-party payer may file Form 7200 after the payroll period in which the third-party payer becomes entitled to the credit.

Correcting or Amending Form 7200

You can't file a corrected or amended Form 7200. For example, if you requested an advance and then later learn that some of the wages weren't qualified wages or you're entitled to less of a credit on your employment tax return than you expected, you can't file a corrected or amended Form 7200. If you made an error on Form 7200, the error will be resolved when you claim the credit on your Form 941, 943, 944, or CT-1. Filing a corrected or amended Form 7200 may delay the processing of your original request for an advance.

When May You File?

The employer tax credits for qualified sick leave wages and qualified family leave wages apply to those wages paid for the period of leave taken from April 1, 2021, through September 30, 2021.

For 2021, the employee retention credit applies to qualified wages paid after December 31, 2020, and before January 1, 2022. Generally, you're eligible for the credit during the period in which you experience a suspension of business operations due to a governmental order in a calendar quarter or in a calendar quarter in which you experience a decline in gross receipts. A decline in gross receipts in a calendar quarter occurs when your gross receipts for the calendar quarter are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019. However, see the instructions for [line H](#) and [line 1](#), later, for an exception for a recovery startup business.

The COBRA premium assistance credit is available for premium assistance provided for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. For more information about this credit, see the instructions for [line 4](#), later.

The last day to file Form 7200 to request an advance payment for the second quarter of 2021 is August 2, 2021. The last day to file Form 7200 to request an advance payment for the third quarter of 2021 is November 1, 2021. The last day to file Form 7200 to request an advance payment for the fourth quarter of 2021 is January 31, 2022. The last date to file Form 7200 is the same

whether you file quarterly Form 941, or annual Form 943, 944, or CT-1. You may not file Form 7200 for a quarter after you file Form 941 for the same quarter. If you file Form 7200 after the end of the quarter, it's possible that it may not be processed prior to the processing of the filed Form 941 for the quarter. Advance payment requests on Form 7200 for a quarter won't be paid after your Form 941 has been processed for that quarter. When the IRS processes Form 941, we will correct the amount reported on Form 941, line 13h, to match the amount of advance payments issued or contact you to reconcile the difference before we finish processing Form 941. If necessary, you can file Form 7200 several times during each quarter for subsequent payments that are eligible for credits; however, see [Correcting or Amending Form 7200](#), earlier. Don't file the form to request an advance payment for any anticipated credit for which you already reduced your deposits.

How To File

Fax your completed form to 855-248-0552.



Don't include anything other than Form 7200 with your submission. If you include other information, such as tax returns, letters, requests for phone calls, etc., they won't be considered in processing your Form 7200 and they may delay the processing of your form. However, see [Sign Here \(Approved Roles\)](#), later, for an exception. Don't submit a duplicate Form 7200.

Recordkeeping

Keep all records of the relevant employment taxes for **at least** 6 years after the date the tax becomes due or is paid, whichever is later. You may need to maintain these records for a longer period if you consent to an extended period for assessment by the IRS. These records should be available for IRS review. Your records should include the following information.

- Documentation to show how you figured the amount of qualified sick and family leave wages eligible for the credit.
- Documentation to show any collectively bargained contributions for sick and family leave to a defined benefit pension plan and/or apprenticeship program.
- Documentation to show how you figured the amount of the employee retention credit.
- Documentation to show how you figured the amount of qualified health plan expenses included in the credits.
- Documentation to show how you determined that the employees were qualified to receive sick and family leave wages. See [IRS.gov/PLC](#) for specific records you should maintain to substantiate eligibility for the credit.
- Documentation to show your eligibility for the employee retention credit based on suspension of business operations or a decline in gross receipts, or, if applicable, documentation to show your eligibility as a recovery startup business.
- Documentation to show your eligibility for the COBRA premium assistance credit, including a copy of invoice or other supporting statement from the insurance carrier and proof of timely payment of the full premium to the insurance carrier under COBRA or, in the case of a self-insured plan, proof of the premium amount and proof of the coverage provided to the assistance eligible

individuals; proof of each individual's eligibility for COBRA premium assistance and the election of COBRA coverage.

- Amount of all advances received and copies of completed Form(s) 7200 you filed with the IRS.
- If you use more than one third-party payer or also file your own return for some wages, documentation to show which wages related to the credits were paid by which third-party payer or you.

Specific Instructions

Enter Your Business Information

Enter your name, trade name (if any), employer identification number (EIN), and address at the top of Form 7200. Make sure that they exactly match the name of your business and the EIN that the IRS assigned to your business. If you use a tax preparer to fill out Form 7200, make sure the preparer shows your business name exactly as it appeared when you applied for your EIN. Your Form 7200 can't be processed if your EIN isn't entered or if it's entered incorrectly. Leave the "Trade name" line blank if it is the same as your "Name." If mail isn't delivered to your street address, enter your P.O. box number. Don't abbreviate the name of a foreign country.



Using an address on Form 7200 that is different from the address we have for you in our records will delay the processing of your Form 7200. Form 8822-B is used to notify the IRS of a change of business address. Enter the address at the top of Form 7200 where you want the IRS to mail the advance payment. If your Form 7200 specifies an address that is different from the last known address we have in our records, we will need to contact you by letter (at the last known address according to our records) to confirm your address and whether the advance refund should be mailed to the address listed on Form 7200. We will not process your Form 7200 until we hear back from you.

Third-party payer information. In the entry spaces immediately above Part I on Form 7200, enter, if applicable, the name and EIN of the third-party payer that you use, or will use, to file your employment tax returns (such as the Form 941) if the third-party payer uses its own EIN on your federal employment tax returns. This will ensure advance payment of the credits you receive are properly reconciled to the federal employment tax return filed by the third-party payer for the calendar quarter for which the advance payment of the credits is received.

To help expedite and ensure proper processing of Form 7200 and reconciliation of advance payment of the credits to the federal employment tax return for the calendar quarter, only those third-party payers who will file a federal employment tax return on your behalf using the third-party payer's name and EIN should be listed on the Form 7200. Typically, CPEOs, PEOs, and other section 3504 agents fall into this category of third-party payers.

If a third party will file the federal employment tax return on your behalf using your name and EIN and not the name and EIN of the third party, don't include the name and EIN of the third party. Typically, reporting agents and payroll service providers fall into this category.

For more information about third-party payers and Form 7200, see the frequently asked questions at [IRS.gov/PLC](https://www.irs.gov/PLC). Also, see [Employment Tax Return Filed by a Third-Party Payer](#), earlier.

Applicable calendar quarter. Check the box to indicate the applicable calendar quarter of 2021 for which you're filing Form 7200. If you file an annual employment tax return (Form 943, 944, or CT-1), you should still check the box to indicate the applicable calendar quarter of 2021 in which the wages are paid. You may check only one box for the quarter; you can't file Form 7200 for 2 separate quarters using one Form 7200. If you need to file Form 7200 for 2 separate quarters, file a separate Form 7200 for each quarter.



The employer tax credits for qualified sick and family leave wages apply to wages paid for leave taken before October 1, 2021. You may be eligible to request an advance of the qualified sick and family leave credit for qualified sick and family leave wages paid after September 30, 2021, if it is for leave taken before October 1, 2021.

The employee retention credit applies to wages paid before January 1, 2021. If you're requesting an advance of the employee retention credit, you may check the box for the second, third, or fourth quarter of 2021. You may not request an advance of the employee retention credit after the fourth quarter of 2021.

The COBRA premium assistance credit applies to premium assistance provided for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. Although the premium assistance isn't available for periods of coverage beginning after September 30, 2021, employers may be eligible to claim the credit in the fourth quarter of 2021, depending on when the assistance eligible individual elects coverage. See the instructions for [line 4](#), later.

Part I: Tell Us About Your Employment Tax Return

Lines A–H

Line A. Check the box to tell us which employment tax return you file or will file for 2021. **Check only one box.** If you will file two employment tax returns for the same period, such as Form 941 and Form 943, you should file a separate Form 7200 for advance payments of the credit you will claim on each form and identify the relevant employment tax return on each separate Form 7200. Although railroad employers file both a Form 941 and Form CT-1, they must check the "CT-1" box only. Some multiemployer plans and insurers don't normally file an employment tax return but will need to file one if they want to claim the COBRA premium assistance credit. If you plan to request the credit on an employment tax return and you're filing Form 7200 to request an advance of the anticipated credit, check the box for "Form 941" and write "Multiemployer Plan" or "Insurer," whichever is applicable, above the dotted line to the left of the line 4 entry box.

Line B. Enter the total number of employees to whom you paid qualified wages eligible for the employee retention credit this quarter. This includes all employees to whom you paid qualified wages so far in the current quarter. The number on this line is a cumulative total for the quarter. If you later file another Form 7200 to request an advance payment of any employee retention credit, report the total numbers of employees receiving qualified wages so far during the quarter, including any new ones taken into account for this advance. If you later file another Form 7200 to request an advance of the employee retention credit on the same group of employees, this number shouldn't change.

Line C. If you're a new business that hasn't yet filed an employment tax return, skip line C. Also skip line C if you're a multiemployer plan or insurer described earlier under the instructions for line A. If you've already filed an employment tax return for at least 1 tax period, you must complete line C. Enter the amount reported on line 2, Wages, tips, and other compensation, of your most recently filed Form 941. The IRS will use this information to verify that the credit is being paid to the correct employer. If the amount entered doesn't equal the amount shown on your most recently filed employment tax return, that may delay or prevent the processing of your Form 7200. If your wages are reported on Schedule R (Form 941), enter the wages reported by your third-party payer for your EIN on its most recently filed Schedule R (Form 941), column (d). If your wages are reported on Schedule R (Form 943), enter the social security tax reported by your third-party payer for your EIN on its most recently filed Schedule R (Form 943), column (d). See [Employment Tax Return Filed by a Third-Party Payer](#), earlier. If you file a different employment tax return, report the amount from your most recently filed return as follows.

- Form 941-PR, line 5a, Salarios sujetos a la contribución al Seguro Social. Enter the amount reported in column 1.
- Form 941-SS, line 5a, Taxable social security wages. Enter the amount reported in column 1.
- Form 943, line 2, Wages subject to social security tax.
- Form 943-PR, line 2, Salarios sujetos a la contribución al Seguro Social.
- Form 944, line 1, Wages, tips, and other compensation.
- Form 944(SP), line 1, Salarios, propinas y otras remuneraciones.
- Form CT-1, line 1, Tier 1 employer tax—compensation (other than tips and sick pay). Enter the amount reported in the *Compensation* column.

Line D. If you're a new business that hasn't yet filed an employment tax return, skip line D. Also skip line D if you're a multiemployer plan or insurer described earlier under the instructions for line A. If you've already filed an employment tax return for at least 1 tax period, you must complete line D. Enter the tax period of your most recently filed employment tax return for which you checked the box on line A. For example, if your most recently filed employment tax return is Form 941 for the fourth quarter of 2020, enter "Q4 2020." If your most recently filed employment tax form is Form 943 for 2020, enter "2020."


Line E. Advance payments of the employee retention credit for 2021 are limited to small employers that in 2019 averaged 500 or fewer full-time employees (within the

meaning of section 4980H); aggregation rules apply. If you're requesting an advance payment of the employee retention credit (Part II, line 1), enter the average number of full-time employees you had in 2019. If your business wasn't in existence in 2019, enter the average number of full-time employees you had in 2020. If you enter 501 or more for line E, you aren't eligible to receive an advance payment of the employee retention credit. However, you may still reduce your employment tax deposits and claim the credits for which you are eligible on your applicable employment tax return. See [Certain advances are limited to small employers](#), earlier.

Line F. If you're requesting an advance payment of the credit for qualified sick leave wages and/or qualified family leave wages (Part II, lines 2 and/or 3), enter the number of employees you had when qualified leave was taken during the quarter for the advance requested on line 9. A business is considered to have fewer than 500 employees if, at the time an employee's leave is to be taken, the business employs fewer than 500 full-time and part-time employees. For more information, see [IRS.gov/PLC](#) and guidance from the Department of Labor at [DOL.gov/agencies/whd/pandemic](#).

Line G. Enter the number of individuals provided COBRA premium assistance during the quarter for the advance requested on line 9. Enter a cumulative total for the quarter similar to the way that cumulative totals are entered on lines 1, 2, 3, 4, 6, and 7; see [Caution](#) below *Lines 1–9*, later. Count each assistance eligible individual that received assistance as one individual, whether or not the COBRA coverage was for insurance that covered more than one assistance eligible individual. For example, if the coverage was for a former employee, spouse, and two children, you would include one individual on line G. Further, each individual is reported only once per quarter. For example, an assistance eligible individual that received assistance for all 3 months of a quarter is only reported as one individual.

COBRA background. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. COBRA generally covers multiemployer health plans and health plans maintained by private-sector employers (other than churches) with 20 or more full- and part-time employees. Parallel requirements apply to these plans under the Employee Retirement Income Security Act of 1974 (ERISA). Under the Public Health Service Act, COBRA requirements also apply to health plans covering state or local government employees. Similar requirements apply under some state laws.

 **TIP** *Line H is applicable for only the third and fourth quarter of 2021. Skip line H when completing Form 7200 for the second quarter of 2021.*

Line H. Check the box if you qualify for the employee retention credit **solely** because your business is a recovery startup business.

A recovery startup business is an employer that:

- Began carrying on a trade or business after February 15, 2020;

- Had average annual gross receipts of \$1 million or less for the 3 tax years ending with the tax year before the calendar quarter in which the employee retention credit is claimed; and
- Isn't otherwise eligible for the third or the fourth quarter, as applicable, for the employee retention credit because business operations aren't fully or partially suspended due to a governmental order or because gross receipts (within the meaning of section 448(c) or if you're a tax-exempt organization, section 6033) aren't less than 80% of the gross receipts for the same calendar quarter in calendar year 2019.



Recovery startup businesses are limited to a maximum employee retention credit of \$50,000 per quarter. If you check the box on line H, don't enter more than \$50,000 on line 1.

Part II: Enter Your Credits and Advance Requested

Lines 1–9



The amounts entered on lines 1, 2, 3, 4, 6, and 7 are cumulative totals for the quarter. For example, if you file Form 7200 on May 24, 2021, because you have a \$7,000 employee retention credit that is eligible to be advanced and reported on line 1 and you reduced deposits by \$4,000 to account for the credit (line 6), but you previously filed a Form 7200 on May 10, 2021, that reported \$5,000 on line 1 and reduced deposits of \$3,500 on line 6, the Form 7200 you file on May 24, 2021, will report \$12,000 on line 1, \$7,500 on line 6, and \$1,500 on line 7 (advance from Form 7200, line 9, filed May 10). The advance payment requested (line 9) on May 24 is \$3,000. If you later file another Form 7200 to request an advance payment of any leave credits on lines 2 and 3, you must still enter your cumulative totals for the quarter on lines 1, 2, 3, 4, 6, and 7 even if you're not reporting any new amount for the employee retention credit on line 1.



There are two separate 70% limitations that apply to an advance payment of the employee retention credit. First, the employee retention credit itself is limited to 70% of the amount of the qualified wages you paid to your employees so far in the current quarter. Second, the amount of the credit that may be advanced is further limited to an amount that doesn't exceed 70% of your average quarterly wages that you paid in calendar year 2019. For more information, see [Employee retention credit eligible to be advanced for the quarter is limited](#), later.

Line 1. Total employee retention credit for the quarter. Enter the total employee retention credit advance for the quarter. This is the lesser of your credit for qualified wages paid in the quarter through the date of your filing Form 7200 or the amount eligible to be advanced. You may not enter an amount on line 1 if you had an average of more than 500 employees in 2019; see [Certain advances are limited to small employers](#) and the instructions for [line E](#), earlier. Your employee retention credit for a quarter is 70% of the amount of the qualified wages you paid to your employees in the quarter.

Qualified wages, including qualified health expenses, 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%) and the maximum amount you may enter on line 1 for the quarter can't exceed the number of employees you entered on line B multiplied by \$7,000. Additionally, the amount you enter on line 1 may not exceed a certain amount; see [Amount of advance for the employee retention credit is limited](#), earlier, and [Employee retention credit eligible to be advanced for the quarter is limited](#), later. You may not know you have qualified wages entitling you to the employee retention credit until you have determined that you have a reduction in gross receipts necessary to qualify as an eligible employer. Certain governmental entities are entitled to the credit, including (1) federal instrumentalities described in section 501(c)(1) and exempt from tax under section 501(a); and (2) any government, agency, or instrumentality that is a college or university or the principal purpose or function of the entity is providing medical or hospital care.

Qualified wages, including qualified health plan expenses, are limited to a maximum of \$10,000 for each employee for the quarter. Qualified wages are wages for social security and Medicare tax purposes (for governmental entities, determined without regard to section 3121(b)(5), (6), (7), (10), or (13), except for services performed by an inmate at a penal institution) paid to certain employees during any period in a quarter in which your business operations are fully or partially suspended due to a governmental order or during a quarter in which your gross receipts (within the meaning of section 448(c) or if you're a tax-exempt organization, section 6033) are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019; or, for the third and fourth quarters of 2021, wages paid by a recovery startup business.

For 2021, the wages and qualified health plan expenses considered in calculating your credit depend on the size of your workforce. Eligible employers that had an average number of 500 or fewer full-time employees during 2019 count wages paid to all their employees and the qualified health plan expenses paid or incurred for all employees during any period in the quarter in which business operations are fully or partially suspended due to a governmental order or during a quarter in which gross receipts are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019. Eligible employers that had an average number of more than 500 full-time employees in 2019 may count only wages paid to employees for time that the employees weren't providing services, and qualified health plan expenses paid or incurred by the employer allocable to the time those employees weren't providing services, due to the suspension or decline in gross receipts. However, employers that had an average number of more than 500 full-time employees in 2019 can't request an advance of the employee retention credit.

For the second quarter, qualified wages don't include wages for which the employer receives a credit for sick and family leave, and any wages taken into account in determining the employee retention credit can't be taken into account as wages for purposes of the credits under

sections 41, 45A, 45P, 45S, 51, and 1396. For the third and fourth quarters, qualified wages under section 3134 don't include wages taken into account for credits under sections 41, 45A, 45P, 45S, 51, 1396, 3131, and 3132. For the third and fourth quarters of 2021, qualified wages also don't include wages that were used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act; or a restaurant revitalization grant under section 5003 of the ARP. For all quarters of 2021, employers can receive both a Small Business Interruption Loan under the PPP and the employee retention credit; however, employers can't receive both loan forgiveness and a credit for the same wages.

See [Notice 2021-23](#) for guidance on the employee retention credit for qualified wages paid after December 31, 2020, and before July 1, 2021. The IRS expects to issue guidance about the employee retention credit for wages paid after June 30, 2021, and before January 1, 2022, later this year. A link to any new guidance issued will be posted at [IRS.gov/ERC](#).

Qualified health plan expenses for the employee retention credit. Qualified wages for the employee retention credit include qualified health plan expenses. Qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses taken into account in determining the amount of qualified wages generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, the qualified health plan expenses shouldn't include amounts that the employee paid for with after-tax contributions. Generally, the amount of qualified health plan expenses is the amount that is allocable to the hours for which the employees receive qualified wages for the employee retention credit. However, qualified health plan expenses for purposes of the employee retention credit may include health plan expenses allocable to the applicable periods even if the employer isn't paying any qualified wages to the employee.

Employee retention credit eligible to be advanced for the quarter is limited. After you figure the total amount of the employee retention credit 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 employee retention credit for the quarter is limited to an amount that doesn't exceed 70% of your average quarterly wages that you paid in calendar year 2019. If you're a seasonal employer, you may elect to limit the amount of the advance to 70% of your average quarterly wages you paid for the calendar quarter in 2019 that corresponds to the calendar quarter for which you're filing Form 7200 instead of your average quarterly wages for 2019. If you're an employer that didn't exist in 2019, the amount of the advance is limited to 70% of your average quarterly wages that you paid in calendar year 2020. For the third and fourth quarters of 2021, the amount of your credit may be further limited to \$50,000 per quarter if the

sole reason you qualify for the employee retention credit is because you're a recovery startup business; see the instructions for [line H](#), earlier. Aggregation rules apply. See [Notice 2021-23](#) for guidance on the employee retention credit for qualified wages paid after December 31, 2020, and before July 1, 2021. The IRS expects to issue guidance about the employee retention credit for wages paid after June 30, 2021, and before January 1, 2022, later this year. A link to any new guidance issued will be posted at [IRS.gov/ERC](https://www.irs.gov/ERC).



The rules for qualified sick leave wages discussed below apply to qualified sick leave wages paid for leave taken after March 31, 2021.

Line 2. Total qualified sick leave wages eligible for the credit and paid this quarter. Enter the qualified sick leave wages you paid so far in the quarter. You may add the following amounts to this line.

- Your cost of maintaining health insurance coverage for the employee during the sick leave period (see [Qualified health plan expenses allocable to qualified sick leave and family leave wages](#), later).
- [Collectively bargained defined benefit pension plan contributions](#) allocable to the qualified sick leave wages paid.
- [Collectively bargained apprenticeship program contributions](#) allocable to the qualified sick leave wages paid.
- The employer share of social security and Medicare tax allocable to the qualified sick leave wages paid.

If you're a private employer, you can't claim the credit or enter an amount on line 2 if you had 500 or more full-time and part-time employees at the time the leave was taken. See [Certain advances are limited to small employers](#) and the instructions for [line F](#), earlier. You also can't claim the credit or enter an amount on line 2 in a quarter in which you provide the leave in a manner that discriminates in favor of highly compensated employees, full-time employees, or employees on the basis of employment tenure when making qualified sick leave available to employees. See [Highly compensated employee](#), later, for the definition.

Qualified sick leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the EPSLA, as enacted under the FFCRA and amended for purposes of the ARP. For Form CT-1 filers, qualified sick leave compensation is compensation, determined without regard to the exclusions under section 3231(e)(1), that an employer pays that otherwise meets the requirements of the EPSLA, as enacted under the FFCRA and amended for purposes of the ARP. For the second quarter, the qualified sick leave credit is reduced by the amount of the credit allowed under section 2301 of the CARES Act (for the employee retention credit) or under section 41 (for the credit for increasing research activities) with respect to wages taken into account for determining both the credit under section 2301 of the CARES Act or section 41 and the qualified sick leave credit; and any wages taken into account in determining the qualified sick leave credit can't

be taken into account as wages for purposes of the credits under sections 45A, 45P, 45S, 51, 1396, and 3132. For the third quarter, the qualified sick leave credit is reduced by the amount of the credit allowed under section 41 (for the credit for increasing research activities) with respect to wages taken into account for determining the qualified sick leave credit; and any wages taken into account in determining the qualified sick leave credit can't be taken into account as wages for purposes of the credits under sections 45A, 45P, 45S, 51, 1396, 3132, and 3134. For both the second and third quarters of 2021, qualified wages also don't include wages that were used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act; or a restaurant revitalization grant under section 5003 of the ARP. Employers can receive both a Small Business Interruption Loan under the PPP and the credit for qualified sick leave wages; however, employers can't receive both loan forgiveness and a credit for the same wages.

Emergency Paid Sick Leave Act (EPSLA).

Employers with fewer than 500 employees (and certain governmental employers without regard to number of employees), except for the federal government (and its agencies and instrumentalities, except for those that are described in section 501(c)(1)), are entitled to a credit if they provide paid sick leave to employees that otherwise meets the requirements of the EPSLA. Under the EPSLA, as amended for purposes of the ARP, wages are qualified sick leave wages if paid to employees that are unable to work or telework before October 1, 2021, because the employee:

1. Is subject to a federal, state, or local quarantine or isolation order related to COVID-19;
2. Has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
3. Is experiencing symptoms of COVID-19 and seeking a medical diagnosis, is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 (and the employee has been exposed to COVID-19 or the employee's employer has requested such test or diagnosis), or the employee is obtaining immunizations related to COVID-19 or recovering from an injury, disability, illness, or condition related to such immunization;
4. Is caring for an individual subject to an order described in (1) or who has been advised as described in (2);
5. Is caring for a son or daughter because the school or place of care for that child has been closed, or the childcare provider for that child is unavailable, due to COVID-19 precautions; or
6. Is experiencing any other substantially similar condition specified by the U.S. Department of Health and Human Services.

Son or daughter. For purposes of this credit, a son or daughter must generally have been under 18 years of age or incapable of self-care because of a mental or physical disability. A son or daughter includes a biological child, adopted child, stepchild, foster child, legal ward, or a child

for whom the employee assumes parental status and carries out the obligations of a parent. For more information about who is a son or daughter under the FFCRA, see [DOL.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic).



TIP The 80-hour limit discussed next is the combined total allowed in the second and third quarters of 2021. If an employee received qualified sick leave wages for leave taken before April 1, 2021, those hours don't reduce the 80 combined hours allowed in the second and third quarters of 2021.

Limits on qualified sick leave wages. The EPSLA provides different limitations for different circumstances under which qualified sick leave wages are paid. For paid sick leave qualifying under (1), (2), or (3), earlier, the amount of qualified sick leave wages is determined at the employee's regular rate of pay, but the wages may not exceed \$511 for any day (or portion of a day) for which the individual is paid sick leave. For paid sick leave qualifying under (4), (5), or (6), earlier, the amount of qualified sick leave wages is determined at two-thirds the employee's regular rate of pay, but the wages may not exceed \$200 for any day (or portion of a day) for which the individual is paid sick leave. The EPSLA also limits each individual to a maximum of up to 80 hours of paid sick leave. Therefore, the maximum amount of paid sick leave wages paid to one employee can't exceed \$5,110 for an employee for leave under (1), (2), or (3), and it can't exceed \$2,000 for an employee for leave under (4), (5), or (6). For more information from the Department of Labor on these requirements and limits, see [DOL.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic).

The credit for qualified sick leave wages is only available for wages paid for leave taken before October 1, 2021. For more information about the credit for qualified sick leave wages, and to see if future legislation extends the dates through which the credit may be claimed, go to [IRS.gov/PLC](https://www.irs.gov/PLC).



CAUTION The rules for qualified family leave wages discussed below apply to qualified family leave wages paid for leave taken after March 31, 2021.

Line 3. Total qualified family leave wages eligible for the credit and paid this quarter. Enter the qualified family leave wages you paid so far in the quarter. You may add the following amounts to this line.

- Your cost of maintaining health insurance coverage for the employee during the family leave period (see [Qualified health plan expenses allocable to qualified sick leave and family leave wages](#), later).
- [Collectively bargained defined benefit pension plan contributions](#) allocable to the qualified family leave wages paid.
- [Collectively bargained apprenticeship program contributions](#) allocable to the qualified family leave wages paid.
- The employer share of social security and Medicare tax allocable to the qualified family leave wages paid.

If you're a private employer, you may not claim the credit or enter an amount on line 3 if you had 500 or more full-time and part-time employees at the time the leave was taken. See [Certain advances are limited to small](#)

[employers](#) and the instructions for [line F](#), earlier. You also can't claim the credit or enter an amount on line 3 in a quarter in which you provide the leave in a manner that discriminates in favor of highly compensated employees, full-time employees, or employees on the basis of employment tenure when making qualified family leave available to employees. See [Highly compensated employee](#), later, for the definition.

Qualified family leave wages are wages for social security and Medicare tax purposes, determined without regard to the exclusions from the definition of employment under sections 3121(b)(1)–(22), that an employer pays that otherwise meet the requirements of the Expanded FMLA, as enacted under the FFCRA and amended for purposes of the ARP. For Form CT-1 filers, qualified family leave compensation is compensation, determined without regard to the exclusions under section 3231(e)(1), that an employer pays that otherwise meets the requirements of the Expanded FMLA, as enacted under the FFCRA and amended for purposes of the ARP. For the second quarter, the qualified family leave credit is reduced by the amount of the credit allowed under section 2301 of the CARES Act (for the employee retention credit) or under section 41 (for the credit for increasing research activities) with respect to wages taken into account for determining both the credit under section 2301 of the CARES Act or section 41 and the qualified family leave credit; and any wages taken into account in determining the qualified family leave credit can't be taken into account as wages for purposes of the credits under sections 45A, 45P, 45S, 51, 1396, and 3131. For the third quarter, the qualified family leave credit is reduced by the amount of the credit allowed under section 41 (for the credit for increasing research activities) with respect to wages taken into account for determining the qualified family leave credit; and any wages taken into account in determining the qualified family leave credit can't be taken into account as wages for purposes of the credits under sections 45A, 45P, 45S, 51, 1396, 3131, and 3134. For both the second and third quarters of 2021, qualified wages also don't include wages that were used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act; or a restaurant revitalization grant under section 5003 of the ARP. Employers can receive both a Small Business Interruption Loan under the PPP and the credit for qualified family leave wages; however, employers can't receive both loan forgiveness and a credit for the same wages.

Emergency Family and Medical Leave Expansion Act (Expanded FMLA). Employers with fewer than 500 employees (and certain governmental employers without regard to number of employees), except for the federal government (and its agencies and instrumentalities, except for those that are described in section 501(c)(1)), are entitled to a credit if they provide paid family leave to employees that otherwise meets the requirements of the Expanded FMLA. Under the Expanded FMLA, wages are qualified family leave wages if paid to an employee who has been employed for at least 30 calendar days when an employee is unable to work or telework for any reason

provided by the EPSLA, as amended for purposes of the ARP.

The employer provides the employee paid leave (that is, qualified family leave wages) for up to 12 weeks. For more information from the Department of Labor on these requirements, possible exceptions, and the limitations discussed next, see [DOL.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic).



The 12-week limit discussed above and the \$12,000 limit discussed next are the combined total allowed in the second and third quarters of 2021. If an employee received qualified family leave wages for leave taken before April 1, 2021, those wages don't reduce the 12-week limit or \$12,000 amount allowed in the second and third quarters of 2021.

Rate of pay and limit on wages. The rate of pay must be at least two-thirds of the employee's regular rate of pay (as determined under the Fair Labor Standards Act of 1938), multiplied by the number of hours the employee would otherwise have been scheduled to work. The qualified family leave wages can't exceed \$200 per day or \$12,000 in the aggregate per employee.

The credit for qualified family leave wages is only available for wages paid for leave taken before October 1, 2021. For more information about the credit for qualified family leave wages, and to see if future legislation extends the dates through which the credit may be claimed, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

Qualified health plan expenses allocable to qualified sick leave and family leave wages. The credit for qualified sick leave wages and qualified family leave wages is increased to cover the qualified health plan expenses that are properly allocable to the qualified leave wages for which the credit is allowed. These qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, qualified health plan expenses don't include amounts that the employee paid for with after-tax contributions. For more information, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

Collectively bargained defined benefit pension plan contributions. For purposes of qualified sick and family leave wages, collectively bargained defined benefit pension plan contributions are contributions for a calendar quarter that are:

- Paid or incurred by an employer on behalf of its employees to a defined benefit plan, as defined in section 414(j), which meets the requirements of section 401(a);
- Made based on a pension contribution rate; and
- Required to be made under the terms of a collective bargaining agreement in effect for the quarter.

Pension contribution rate. The pension contribution rate is the contribution rate that the employer is obligated to pay under the terms of a collective bargaining agreement to a defined benefit plan, as the rate is applied to contribution base units, as defined by section 4001(a)(11) of ERISA.

Allocation rules. The amount of collectively bargained defined benefit pension plan contributions allocated to qualified sick leave wages and/or qualified family leave wages in a quarter is the pension contribution rate (expressed as an hourly rate) multiplied by the number of hours of qualified sick leave wages and/or qualified family leave wages that were provided to employees covered under the collective bargaining agreement during the quarter.

Collectively bargained apprenticeship program contributions. For purposes of qualified sick and family leave wages, collectively bargained apprenticeship program contributions are contributions for a calendar quarter that are:

- Paid or incurred by an employer on behalf of its employees to a registered apprenticeship program, which is an apprenticeship registered under the National Apprenticeship Act of August 16, 1937, and meets the standards of Federal Regulations under subpart A of Part 29 and Part 30 of Title 29;
- Made based on an apprenticeship program contribution rate; and
- Required to be made under the terms of a collective bargaining agreement in effect for the quarter.

Apprenticeship program contribution rate. The apprenticeship program contribution rate is the contribution rate that the employer is obligated to pay under the terms of a collective bargaining agreement for benefits under a registered apprenticeship program, as the rate is applied to contribution base units, as defined by section 4001(a)(11) of ERISA.

Allocation rules. The amount of collectively bargained apprenticeship program contributions allocated to qualified sick leave wages and/or qualified family leave wages in a quarter is the apprenticeship program contribution rate (expressed as an hourly rate) multiplied by the number of hours qualified sick leave wages and/or qualified family leave wages were provided to employees covered under the collective bargaining agreement during the quarter.

Highly compensated employee. A highly compensated employee is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$130,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

Line 4. Total COBRA premium assistance provided this quarter. Enter the COBRA premium assistance that you provided so far in the quarter. You can claim the credit for a period of coverage once the individual elects COBRA continuation coverage, and for any period of coverage beginning after the election, as of the beginning of such period of coverage for which the individual doesn't pay the premiums for the coverage. You may reduce your deposits of federal employment taxes in anticipation of the COBRA premium assistance credit with regard to a period of coverage as of the date you are entitled to the credit. If

the anticipated credit exceeds the available reduction in deposits, you may request an advance after the end of the payroll period in which you became entitled to the credit. Don't include any amount that was included as qualified wages for the employee retention credit or included as qualified health plan expenses allocable to qualified sick leave and family leave wages. See [COBRA background](#), earlier, for more information about COBRA.

Example. Maple Co. has a semimonthly payroll period. Sophie Rose elected COBRA premium assistance on May 17, 2021. Maple Co. becomes entitled to a COBRA premium assistance credit as of May 17, 2021, for the premiums not paid by Sophie (an assistance eligible individual) for the periods of coverage of April 1, 2021, through April 30, 2021, and May 1, 2021, through May 31, 2021. Maple Co. may reduce its federal employment deposits as of May 17, 2021, in anticipation of the credit to which Maple Co. has become entitled. If the anticipated credit exceeds the available reduction in deposits, Maple Co. may file Form 7200 to request an advance for the remaining credit after the end of the semimonthly payroll period in which Maple Co. became entitled to the credit, or June 1, 2021.

Line 5. Add lines 1, 2, 3, and 4. Add lines 1, 2, 3, and 4 and enter the result on line 5.

Line 6. Total amount by which you have already reduced your federal employment tax deposits for these credits for this quarter. Enter the amount by which you have already reduced your total federal employment tax deposits for these credits for this quarter. Enter the amount as a positive number. If you don't enter this amount, or you enter the incorrect amount, you may have an underpayment when you file your employment tax return.

Line 7. Total advanced credits requested on previous filings of this form for this quarter. Enter the amount of any advances that you applied for on previous filings of this form for this quarter. If you don't enter this amount, or you enter the incorrect amount, you may have an underpayment when you file your employment tax return.

Line 8. Add lines 6 and 7. Add lines 6 and 7 and enter the result on line 8.

Line 9. Advance requested. Subtract line 8 from line 5 and enter the amount on line 9. If the amount is zero or less, don't file this form; you're not eligible to receive an advance. The minimum amount that will be paid as an advance is \$25. If the amount on line 9 is less than \$25, don't file Form 7200. However, you may still claim the credits for which you're eligible on your employment tax return. You will need to report the amount of the advance that you request on your employment tax return for the return period, as well as the amounts that you requested on line 9 of other Forms 7200 that you file during the return period. You will report the total amount of the advances you received from filing Form 7200 for the quarter on Form 941, line 13h. If you file Form 943, 944, or CT-1, see the form that you file and its instructions for the specific lines on which the credits and advances are reported.



We will apply any advance requested to any past due tax account that is shown in our records under your EIN before paying the advance you requested.

Third-Party Designee

If you want to allow an employee, a paid tax preparer, or another person to discuss your Form 7200 with the IRS, check the "Yes" box in the *Third-Party Designee* section. Enter the name, phone number, and the five-digit personal identification number (PIN) of the specific person to speak with—the not the name of the firm that prepared Form 7200. The designee may choose any five numbers as his or her PIN.

By checking "Yes," you authorize the IRS to talk to the person you named (your designee) about any questions we may have while we process your Form 7200. You also authorize your designee to do all of the following.

- Give us any information that is missing from your Form 7200.
- Call us for information about processing your Form 7200.
- Respond to certain IRS notices that you've shared with your designee about math errors and Form 7200 preparation. The IRS won't send notices to your designee.

You're not authorizing your designee to bind you to anything (including additional tax liability) or to otherwise represent you before the IRS. If you want to expand your designee's authorization, see Pub. 947.

The authorization will automatically expire after 1 year. If you or your designee wants to terminate the authorization, write to the IRS office for your location using the *Without a payment* address in the instructions for your employment tax return.

Sign Here (Approved Roles)

Complete all information and sign Form 7200. The following persons are authorized to sign Form 7200 for each type of business entity.

- **Sole proprietorship**—The individual who owns the business.
- **Corporation (including a limited liability company (LLC) treated as a corporation)**—The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization**—A responsible and duly authorized partner, member, or officer having knowledge of its affairs.
- **Single-member LLC treated as a disregarded entity for federal income tax purposes**—The owner of the LLC or a principal officer duly authorized to sign.
- **Trust or estate**—The fiduciary.

Form 7200 may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

In many circumstances, whether the person signing the Form 7200 is duly authorized or has knowledge of the partnership's or unincorporated organization's affairs is not apparent on the Form 7200. To help expedite and ensure proper processing of Forms 7200, if a taxpayer has duly authorized an officer, partner, or member to sign

Form 7200 (and that person isn't otherwise explicitly permitted to sign the Form 7200 by the nature of his or her job title), the taxpayer should submit with Form 7200 a copy of the Form 2848, Power of Attorney and Declaration of Representative, authorizing the person to sign the Form 7200.

Payroll Reporting Agents Can Sign and Submit Form 7200 on Behalf of Clients

A payroll reporting agent (RA) may sign Form 7200 for a client for which it has the authority, via Form 8655, Reporting Agent Authorization, to sign and file the employment tax return (for example, Form 941). The signatory must be the Principal or Responsible Official listed on the RA's e-file application. The signatory may sign with ink on paper or may use the alternative signature method (rubber stamp, mechanical device, or computer software program); for details and required documentation, see Rev. Proc. 2005-39, 2005-28 I.R.B. 82, available at [IRS.gov/irb/2005-28_IRB#RP-2005-39](https://www.irs.gov/irb/2005-28_IRB#RP-2005-39). Consistent with Rev. Proc. 2005-39, an alternative signature must be in the form of a facsimile signature. The RA will submit the form via fax to 855-248-0552. The RA must obtain written authorization from the client (paper, fax, or email) to perform these actions regarding the Form 7200. The RA doesn't need to submit that authorization to the IRS, but should retain it in its files so that the RA can furnish it to the IRS upon request. For a client for which a third party doesn't have a Reporting Agent Authorization, it may complete and print the form, or it may provide the client a means to complete and print the form, but the client will have to sign it. The signatory for the RA must sign, date, and print his or her name in the relevant boxes on Form 7200. In the "Printed title" box, the signatory must include the RA company name or name of business as it appeared on line 9 of the Form 8655. If the RA company name or name of business from the Form 8655 is missing, the Form 7200 can't be processed.

Paid Preparer Use Only

A paid preparer must sign Form 7200 and provide the information in the *Paid Preparer Use Only* section if the preparer was paid to prepare Form 7200 and isn't an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you a copy of Form 7200 in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, go to [IRS.gov/PTIN](https://www.irs.gov/PTIN). You can't use your PTIN in place of the EIN of the tax preparation firm.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on Form 7200 to carry out the

Internal Revenue laws of the United States. You're not required to request advance payment of the credit for qualified sick or family leave wages, or the employee retention credit; if you do request it, you're required to give us the information requested on this form. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages and provides for income tax withholding. Section 6109 requires you to provide your identification number. Sections 6001, 6011, and 7805 authorize us to collect the other information. We need it to figure the right credit and figure and collect the right amount of tax. Failure to provide this information may delay or prevent processing your request; providing false or fraudulent information may subject you to penalties.

You're 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. However, section 6103 allows or requires us to disclose this information to others as described in the Code. We may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions to administer their tax laws. We may disclose this information to the Social Security Administration for administration of the Social Security Act. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file Form 7200 will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	7 hr., 39 min.
Learning about the law or the form	35 min.
Preparing and sending the form to the IRS	45 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 7200 simpler, we would be happy to hear from you. You can send us comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send Form 7200 to this address. Instead, see [How To File](#), earlier.