

ESTIMATE - PENDING CPA CONFIRMATION

IRS Form 8932

Credit for Employer Differential Wage Payments (IRC §45P)

Tax Year: 2025

Filing entity: Sample Bistro Group LLC (SAMPLE DATA)

EIN: 99-0001234

Generated: Feb 10, 2026

Figures below are mapped to the official line numbers. Blank lines are completed by you or your CPA.

FILING SUMMARY

Differential Wage Payment Credit (IRC §45P)

\$1,300

How to file: enter on Form 8932 line 4 -> Form 3800, Part III, line 1w

Section 280C addback: \$1,300 reduction to the deductible wages (§280C)

ESTIMATE ONLY - NOT TAX ADVICE. P.A.I.D. is a software calculation tool, not a CPA, tax preparer, or law firm, and does not prepare, sign, or file returns. Figures are automated estimates from the data you provided and must be independently reviewed, verified, and filed by your own licensed tax professional. No accountant-client relationship is created. No credit is guaranteed.

Eligibility - Statutory Gates

Each controlling bright-line test, with the authority cited. All must hold.

1. Qualified employee

Per attestation

Was an employee for the 91 days immediately before the active-duty period.

Authority: IRC §45P(b)(1)

2. Active duty over 30 days

Per attestation

Employee was called to active duty in the uniformed services for more than 30 days.

Authority: IRC §45P(b)(2); §3401(h)(2)

3. Differential wage payment

From records

Employer paid all or part of the wages the employee would have received (the civilian-military pay gap).

Authority: IRC §45P(b)(1); §3401(h)

4. 20% of up to \$20,000

Applied

Credit = 20% of eligible differential wages, capped at \$20,000 per employee per year.

Authority: IRC §45P(a); §45P(b)(3)

Source Data & Traceability

Data provenance: Computed from the payroll register the taxpayer uploaded (ADP Excel/CSV) or the figures they entered. Figures are machine-generated with no manual overrides; P.A.I.D. has not audited or independently confirmed the underlying data.

1	Eligible differential wage payments (each employee limited to \$20,000)	\$6,500
2	Multiply line 1 by 20% (0.20)	\$1,300
3	Differential wage payment credit from partnerships and S corporations	
4	Add lines 2 and 3 - report on Form 3800, Part III, line 1w	\$1,300

§45P Differential-Wage Worksheet (supporting detail)

Employee	Capped differential wages	Credit (20%)
EMP-312	\$6,500	\$1,300

Estimate generated free of charge. The success fee applies only after your CPA files and you mark the credit as filed/received.

Blank lines (and any worksheet-only lines) are completed by you or your CPA on the official IRS form. P.A.I.D. computes the lines it can from your payroll/financial data.

Limitations & Interactions

- Per-employee cap: eligible differential wages are limited to \$20,000 per employee per year (max \$4,000 credit each).
- Section 280C: the wage deduction is reduced by the credit amount.
- General Business Credit limitation: this credit is a component of the GBC (IRC §38) and is limited by tax liability; unused amounts generally carry back 1 year and forward 20 (IRC §39). Pass-through entities flow the credit to owners via Schedule K-1.

Assumptions - Confirm Before Filing

Each figure rests on the assumptions below. If any is false, the credit changes - confirm each before filing.

- Each employee served on active duty for more than 30 days and was employed for the 91 days before that period.
- The amounts entered are true differential wage payments (the civilian-pay make-up), not regular wages.

Responsibility Delineation

P.A.I.D. (software)

Computed the credit and assembled this packet from the payroll register the taxpayer uploaded (or the figures they entered). P.A.I.D. does not issue a tax opinion, attest to eligibility, or sign the return.

The taxpayer

Attests to the accuracy and completeness of the underlying facts - hours, wages, reported tips, premiums, plan, expenditure, and entity information.

The reviewing CPA of record

Independently reviews this packet, applies professional judgment, and is solely responsible for the decision to claim the credit and for signing the return.

Reliance by tax professionals: This packet is a software-generated estimate prepared from client-supplied data and is not a tax opinion. It is not intended to be relied upon by any tax professional as a substitute for that professional's own due diligence under Treasury Department Circular 230, including §10.22 (diligence as to accuracy) and §10.37 (requirements for written advice). The reviewing tax professional remains solely responsible for verifying all eligibility conditions, figures, and computations against source records and applicable law before preparing, signing, or filing any return.

Verify Before Filing

Open items P.A.I.D. cannot confirm from the data. Verify each against source records before filing.

- [] Active-duty orders exceeding 30 days and the 91-day prior-employment condition per employee.
- [] The differential-wage figure ties to payroll records and reflects only the make-up pay.
- [] The \$20,000 per-employee cap and the §280C deduction reduction.

Workpaper Appendix

- Appendix A - Active-duty orders (30+ days) per employee (attach)
- Appendix B - Per-employee differential-wage worksheet (in this packet)
- Appendix C - Draft Form 8932 (the line mapping in this packet)
- Appendix D - Authority excerpts: IRC §45P, §3401(h), Form 8932 instructions

Record-Retention Guide

- Keep the records that substantiate this credit for as long as they are material - in practice, at least 3 years after the return is filed (4 years for employment-tax records). IRC §6001; Treas. Reg. 1.6001-1.
- Retain the source payroll register / financial export this estimate was built from, plus the filed return and the supporting IRS forms in this packet.
- Keep the active-duty orders and the payroll records identifying the differential wage payments per employee.

Important Notices

1. No professional relationship. P.A.I.D. is software. Receiving this packet does not create an accountant-client, attorney-client, or other professional or fiduciary relationship.
2. Estimates, not advice. Every figure is an automated estimate generated from data you supplied. It is informational only and is not tax, legal,

accounting, or financial advice.

3. Your responsibility for accuracy. You are solely responsible for the accuracy and completeness of the data provided and for maintaining the records required to substantiate any credit claimed.
4. Independent CPA verification required. This packet is intended to be reviewed by your own licensed tax professional, who must independently verify every eligibility condition, figure, and computation against source records before any return is prepared, signed, or filed. P.A.I.D. does not prepare, sign, or file returns.
5. No guarantee of credit. Eligibility for and the amount of any credit depend on facts, law, and IRS or state determinations outside P.A.I.D.'s control. No estimated amount is guaranteed to be allowed or realized.
6. Data handling & privacy. This packet contains no employee names or Social Security numbers; individuals are referenced by anonymized labels. Treat it as confidential tax information; transmit it securely (e.g. encrypted download), not as an open email attachment.

Eligibility Attestation

- §45P: the differential wages were paid to employees on active military duty.

Attested by owner@samplebistro.example on 2026-02-10 from IP 203.0.113.42.