

ESTIMATE - PENDING CPA CONFIRMATION

IRS Form 8994

Employer Credit for Paid Family and Medical Leave (IRC §45S)

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

Paid Family & Medical Leave Credit (IRC §45S)

\$576

How to file: enter on Form 8994 line 4 -> Form 3800, Part III, line 4j

Section 280C addback: \$576 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. Written PFML policy

Per attestation

A written policy provides at least 2 weeks of paid family and medical leave, paying at least 50% of normal wages.

Authority: IRC §45S(c)(1)(A); §45S(c)(2)

2. Qualifying employee

From payroll / attestation

Employed at least 1 year (employer may elect 6 months for 2026+) and prior-year compensation at or below the \$96,000 ceiling.

Authority: IRC §45S(c)(1)(B); §45S(c)(2)

3. FMLA-qualifying leave

Per attestation

Leave is for an FMLA purpose (birth/adoption, serious health condition, family care, military exigency) - not vacation, personal, or PTO.

Authority: IRC §45S(c)(3)

4. Applicable percentage

Applied per event

12.5% of wages paid during leave at a 50% payment rate, rising 0.25 pts per point above 50%, to 25% at a 100% payment rate.

Authority: IRC §45S(a)(2)

5. OBBBA premium option

Basis per input

For 2026+, the credit may instead be computed on premiums paid for a qualifying PFML insurance policy.

Authority: IRC §45S (as amended by P.L. 119-21)

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	Total wages paid to qualifying employees during family and medical leave (<= 12 weeks each)	\$3,840
2	Applicable percentage (12.5%–25%, by how far the payment rate exceeds 50%)	
3	Multiply the qualifying wages by the applicable percentage	\$576
4	Paid family and medical leave credit - report on Form 3800, Part III, line 4j	\$576

\$45S Leave Credit Worksheet (supporting detail)

Employee	Payment rate	Applicable %	Credit base	Credit	Status
EMP-311	60%	15.00%	\$3,840	\$576	Qualifying

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

- Wages taken into account are capped at 12 weeks per employee per year.
- The credit is unavailable for any leave paid or required by a state or local government (only voluntary employer-funded leave above the mandate counts).
- Section 280C: the employer's wage deduction is reduced by the credit amount - no double benefit.
- 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.

- A written policy meeting the \$45S minimums was in force before the leave was taken.
- The leave claimed is FMLA-qualifying and separate from vacation, personal, medical, sick, or other PTO.
- Wages paid during leave were at least 50% of the employee's normal wages.
- Employees claimed met the tenure and prior-year-compensation (\$96,000, 2026) tests.

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.

- [] The written policy exists, predates the leave, and meets the 50%-of-wages / 2-week minimums.
- [] Each employee's tenure and prior-year compensation against the \$45S gates.
- [] The leave is FMLA-qualifying and not employer PTO or state-mandated paid leave.
- [] The §280C wage-deduction reduction is reflected on the return.

Workpaper Appendix

- Appendix A - Written PFML policy document (attach)
- Appendix B - Per-employee leave-wage worksheet (in this packet)
- Appendix C - Payroll tie-out for wages paid during leave (attach)
- Appendix D - Draft Form 8994 (the line mapping in this packet)
- Appendix E - Authority excerpts: IRC §45S, §280C, Form 8994 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 written PFML policy, the leave records establishing FMLA purpose, and the payroll showing wages paid during leave.

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

- §45S: a written paid-leave policy exists and the leave claimed is FMLA-qualifying.

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