

**Credits for Affected Midwestern Disaster  
 Area Employers**

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

**SECTION A. Employee Retention Credit** (see instructions)

<b>1</b>	Enter the total qualified wages paid or incurred after the applicable disaster date and before January 1, 2009, while the business was inoperable . . . . .	<b>1</b>		
<b>2</b>	Multiply line 1 by 40% (.40). See instructions for the adjustment you must make to salaries and wages . . . . .	<b>2</b>		
<b>3</b>	Employee retention credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .	<b>3</b>		
<b>4</b>	<b>Current year credit.</b> Add lines 2 and 3. Report this amount on the applicable line of Form 3800 (e.g., line 1t of the 2008 Form 3800). If you have a credit from Section B, see instructions. S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions . . . . .	<b>4</b>		

**SECTION B. Employer Housing Credit** (see instructions)

<b>5</b>	Enter the value (up to \$600 per month per employee) of qualified lodging furnished in-kind to qualified employees during the tax year from November 1, 2008, through May 1, 2009 (see instructions) . . . . .	<b>5</b>		
<b>6</b>	Multiply line 5 by 30% (.30). See instructions for the adjustment you must make to salaries and wages . . . . .	<b>6</b>		
<b>7</b>	Employer housing credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .	<b>7</b>		
<b>8</b>	<b>Current year credit.</b> Add lines 6 and 7. Report this amount on the applicable line of Form 3800 (e.g., line 1t of the 2008 Form 3800). If you have a credit from Section A, see instructions. S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions . . . . .	<b>8</b>		

For Paperwork Reduction Act Notice, see instructions.

## Purpose of Form

An eligible employer who conducted an active trade or business in a Midwestern disaster area may claim the employee retention credit. The credit is equal to 40% of qualified wages paid or incurred before January 1, 2009, for each eligible employee (up to a maximum of \$6,000 in qualified wages per employee). See *Employee Retention Credit* below. The employer must use Form 5884-A to figure the credit.

A qualified employer may claim the employer housing credit. The credit is equal to 30% of the value (up to \$600 a month, per employee) of lodging furnished in-kind from November 1, 2008, through May 1, 2009, to a qualified employee that is excluded from the employee's income. See *Employer Housing Credit* below. The employer must use Form 5884-A to figure the credit.

The employee retention credit and employer housing credit are part of the general business credit claimed on Form 3800, General Business Credit. No portion of the unused business credit attributable to the employee retention or employer housing credit can be carried back to any tax year before 2008. However, you may be able to carry the unused portion forward. See the Instructions for Form 3800 for details.

## General Instructions

### Employee Retention Credit

**Eligible employer.** For this purpose, an eligible employer is generally an employer who conducted an active trade or business on the applicable disaster date in a Midwestern disaster area, and whose trade or business was inoperable on any day after the applicable disaster date and before January 1, 2009, because of damage sustained from the severe storms, tornadoes, or flooding that caused the area to be declared a disaster area. However, an employer who employed an average of more than 200 employees on business days during the tax year before the applicable disaster date cannot claim the credit.

**Eligible employee.** For this purpose, an eligible employee is an employee whose principal place of employment on the applicable disaster date, with such eligible employer, was in a Midwestern disaster area.



*An employee is not an eligible employee if the employee is treated as an eligible employee for purposes of the work opportunity credit.*

### Midwestern Disaster Areas

The Midwestern disaster areas are those areas that gave rise to the declaration of a major disaster by the President during the period May 20, 2008, through July 31, 2008, in the states of Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, and Wisconsin. These major disaster declarations are a result of the severe storms, tornadoes, and flooding that began on an applicable disaster date and affected parts of the Midwest. The following listing of Midwestern disaster areas provides the applicable disaster dates.

**Arkansas (applicable disaster date May 2, 2008).** The counties of Arkansas, Benton, Cleburne, Conway, Crittenden, Grant, Lonoke, Mississippi, Phillips, Pulaski, Saline, and Van Buren.

**Illinois (applicable disaster date June 1, 2008).** The counties of Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside, and Winnebago.

**Indiana (applicable disaster date June 6, 2008).** The counties of Adams, Bartholomew, Brown, Clay, Daviess, Dearborn, Decatur, Gibson, Grant, Greene, Hamilton, Hancock, Hendricks, Henry, Huntington, Jackson, Jefferson, Jennings, Johnson, Knox, Lawrence, Madison, Marion, Monroe, Morgan, Owen, Parke, Pike, Posey, Putnam, Randolph, Ripley, Rush, Shelby, Sullivan, Tippecanoe, Vermillion, Vigo, Washington, and Wayne.

**Iowa (applicable disaster date May 25, 2008).** The counties of Adair, Adams, Allamakee, Appanoose, Audubon, Benton, Black Hawk, Boone, Bremer, Buchanan, Butler, Cass, Cedar, Cerro Gordo, Chickasaw, Clarke, Clayton, Clinton, Crawford, Dallas, Davis, Decatur, Delaware, Des Moines, Dubuque, Fayette, Floyd, Franklin, Fremont, Greene, Grundy, Guthrie, Hamilton, Hancock, Hardin, Harrison, Henry, Howard, Humboldt, Iowa, Jackson, Jasper, Johnson, Jones, Keokuk, Kossuth, Lee, Linn, Louisa, Lucas, Madison, Mahaska, Marion, Marshall, Mills, Mitchell, Monona, Monroe, Montgomery, Muscatine, Page, Polk, Pottawattamie, Poweshiek, Ringgold, Scott, Story, Tama, Union, Van Buren, Wapello, Warren, Washington, Webster, Winnebago, Winneshiek, Worth, and Wright.

**Missouri (applicable disaster date May 10, 2008).** The counties of Barry, Jasper, and Newton.

**Missouri (applicable disaster date June 1, 2008).** The counties of Adair, Andrew, Callaway, Cass, Chariton, Clark, Gentry, Greene, Harrison, Holt, Johnson, Lewis, Lincoln, Linn, Livingston, Macon, Marion, Monroe, Nodaway, Pike, Putnam, Ralls, St. Charles, Stone, Taney, Vernon, and Webster.

**Nebraska (applicable disaster date May 22, 2008).** The counties of Buffalo, Butler, Colfax, Custer, Dawson, Douglas, Gage, Hamilton, Holt, Jefferson, Kearney, Lancaster, Platte, Richardson, Sarpy, and Saunders.

**Wisconsin (applicable disaster date June 5, 2008).** The counties of Adams, Calumet, Crawford, Columbia, Dane, Dodge, Fond du Lac, Grant, Green, Green Lake, Iowa, Jefferson, Juneau, Kenosha, La Crosse, Manitowoc, Marquette, Milwaukee, Monroe, Ozaukee, Racine, Richland, Rock, Sauk, Sheboygan, Vernon, Walworth, Washington, Waukesha, and Winnebago.

### Employer Housing Credit

For purposes of the employer housing credit, the following apply.

**Qualified employer.** A qualified employer is any employer with a trade or business located in a Midwestern disaster area that was affected by the storms, tornadoes, or flooding that caused the area to be declared a disaster area.

**Qualified employee.** A qualified employee is an individual who had a principal residence in a Midwestern disaster area on the applicable disaster date, and who performs substantially all employment services in a Midwestern disaster area for the qualified employer. The employee cannot be related to you.

**Qualified lodging.** Qualified lodging is lodging furnished in-kind to a qualified employee (and to the employee's spouse or dependents) by or on behalf of the qualified employer from November 1, 2008, through May 1, 2009. Qualified lodging is excluded from the employee's income. However, the amount excluded is treated as wages for purposes of FICA and FUTA tax.

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## Specific Instructions

Use Section A to figure the employee retention credit. Use Section B to figure the employer housing credit.

### Section A. Employee Retention Credit

**Qualified wages.** Qualified wages are wages you paid to or incurred for eligible employees on any day after the applicable disaster date and before January 1, 2009, during the period beginning on the date your trade or business first became inoperable at the employee's principal place of employment immediately before the applicable disaster date, and ending on the date your trade or business resumed significant operations at that place. The amount of qualified wages that may be taken into account is limited to \$6,000 per employee. This includes wages paid whether the employee performs no services, performs services at a place of employment other than the principal place of employment, or performs services at the principal place of employment before significant operations have resumed.

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

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

Qualified wages for any employee must be reduced by the amount of any work supplementation payment you received under the Social Security Act for the employee.

**Member of controlled group or business under common control.** For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit based on your proportionate share of qualified wages giving rise to the group's employee retention credit. Enter your share of

the credit on line 2. Attach a statement showing how your share of the credit was figured, and write "See attached" next to the entry space for line 2.

#### Line 1

Enter the total qualified wages (defined above) paid or incurred. Do not enter more than \$6,000 for each qualified employee.

#### Line 2

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

#### Line 3

Enter the amount of credit allocated to you as a shareholder, beneficiary, partner, or patron of a cooperative.

#### Line 4

Report the current year credit on Form 3800, except for the entities that report as indicated below. If you also have an employer housing credit from line 8, combine that amount with the amount on line 4 and enter the total on Form 3800.

**S corporations and partnerships.** Report the amount from line 4 on Schedule K.

**Estates and trusts.** Allocate the credit on line 4 between the estate or trust and beneficiaries in proportion to the income allocable to each. On the dotted line next to line 4, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount on Form 3800 to figure the credit to claim on Form 1041.

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

**Regulated investment companies and real estate investment trusts.** Reduce the allowable credit to the company's or trust's ratable share of the credit.

### Section B. Employer Housing Credit

**Member of controlled group or business under common control.** For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit based on your proportionate share of qualified lodging giving rise to the group's employer housing credit. Enter your share of the credit on line 6. Attach a statement showing how your share of the credit was figured, and write "See attached" next to the entry space for line 6.

**Line 5**

Enter the value of qualified lodging furnished in-kind to qualified employees between November 1, 2008, and May 1, 2009. Do not enter more than \$600 per month, per employee.

**Line 6**

In general, you must reduce your deduction for salaries and wages by the amount on line 6. You must make this reduction even if you cannot take the full credit this year because of the tax liability limit on Form 3800. If you capitalized any costs on which you figured the credit, reduce the amount capitalized by the amount of the credit attributable to these costs.

**Line 7**

Enter the amount of credit allocated to you as a shareholder, beneficiary, partner, or patron of a cooperative.

**Line 8**

Report the current year credit on Form 3800, except for the entities that report as indicated below. If you also have an employee retention credit on line 4, combine that amount with the amount on line 8 and enter the total on Form 3800.

**S corporations and partnerships.** Report the amount from line 8 on Schedule K.

**Estates and trusts.** Allocate the credit on line 8 between the estate or trust and beneficiaries in proportion to the income allocable to each. On the dotted line next to line 8, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount on Form 3800 to figure the credit to claim on Form 1041.

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

**Regulated investment companies and real estate investment trusts.** Reduce the allowable credit to the company's or trust's ratable share of the credit.

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

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

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

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

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