



# 2022 Schedule WC-I

## Withholding Income Tax Credits Information and Worksheets

### What's New for 2022?

Under P.A. 101-0001, the minimum wage is set to increase to \$12 as of January 1, 2022, and by another \$1 per hour, each calendar year after, until it reaches \$15 on January 1, 2025. See [Hourly Minimum Wage Rates by Year](#) for a complete schedule.

For taxable years beginning on or after January 1, 2022, P.A. 102-0669 created the Reimagining Electric Vehicles (REV) Illinois Credit, a portion of which may be based on the incremental income tax withheld by an employer and attributable to new or retained employees at a REV Illinois Project. On or after January 1, 2025, a taxpayer awarded REV Illinois Credits by the Illinois Department of Commerce and Economic Opportunity may make an irrevocable election to claim the credit against its obligation to pay withholding. For more information on the REV Illinois Program, visit <https://www2.illinois.gov/dceo/businesshelp/REV/Pages/default.aspx>

### General Information

If you are entitled to any of the following withholding income tax credits, use the instructions and worksheets in this schedule to determine the amount of credit to list in Column E, Credit Earned, of Schedule WC, Withholding Income Tax Credits:

- Minimum Wage Credit (See Pages 1-7)
- Economic Development for a Growing Economy Tax Credit Program (EDGE) (See Page 7)
- Illinois Small Business Job Creation Tax Credit (ILSBJC) (See Page 7)

Keep a copy of your worksheets or calculations and Schedule WC in your records. You may be required to submit further information to support your filing.

### Specific Instructions

**NOTE: This form is to be used to determine the amount of credit to list on your Schedule WC. Use Column E, ONLY for credits earned in the current quarter.**

Use these instructions and the worksheets in this schedule to determine the correct amount of credit to list in Column E of Schedule WC for credits earned in the current quarter.

All figures should be rounded to whole dollars. To do this, drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

**Each credit has a four-digit code used to identify it on Schedule WC.**

Credit Code	Income Tax Credit Name
0900	Minimum Wage Credit
5900	Economic Development for a Growing Economy Tax Credit Program (EDGE)
5910	Illinois Small Business Job Creation Tax Credit (ILSBJC)

### Tax Credit that must be used in the current quarter

**NOTE:** This section is to be completed only for credits earned and used in the current quarter. Enter "0" on Schedule WC, Column A. This credit cannot be carried forward and cannot exceed the withholding reported for the quarter.

#### ■ Minimum Wage Credit (Credit Code 0900)

**35 ILCS 5/704A(i)** For tax quarters beginning on or after January 1, 2020, and ending on or before December 31, 2027, each employer with 50 or fewer **full-time equivalent** employees during the reporting period may claim a credit against the payments due for each qualified employee in an amount equal to the maximum credit allowable. **NOTE:** If the Minimum Wage Credit exceeds the withholding amount, you may only claim the withholding amount as the credit. You will not be able to carry the remaining balance forward to future periods.

**Definitions used in the calculation include the following:**

**"Applicable Percentage"** means 17 percent for reporting periods beginning on or after January 1, 2022, and ending on or before December 31, 2022.

**"Base Compensation"** for a reporting period means the total compensation paid in Illinois, during the fourth quarter of 2021, to employees who earned less than the current minimum wage during that fourth quarter, including employees earning a subminimum wage authorized by the Minimum Wage Law [820 ILCS 105].

**“Current Compensation”** for a reporting period means the sum of:

- the total compensation paid in Illinois to eligible employees who earned no more than the current minimum wage during the reporting period, plus
- for eligible employees who earned more than the current minimum wage at any time during the reporting period, the total hours worked in Illinois times the current minimum wage.

**“Current Employee”** means an employee who was employed by the taxpayer during the current reporting period.

**“Current Minimum Wage”** means the minimum or reduced wage applicable to an employee under the Minimum Wage Law [820 ILCS 105] for the current reporting period, including any applicable subminimum wages authorized by the Minimum Wage Law.

**NOTE:** Beginning on January 1, 2020, the Minimum Wage Law requires that every employer shall pay to each of his or her employees who is under 18 years of age that has worked more than 650 hours for the employer during any calendar year a wage not less than the wage required for employees who are 18 years of age or older. For employees who are under the age of 18 and have not worked more than 650 hours for the employer during the calendar year, the employer shall pay the employee:

- \$8.50 per hour from January 1, 2021, through December 31, 2021;
- \$9.25 per hour from January 1, 2022, through December 31, 2022; and
- \$10.50 per hour from January 1, 2023, through December 31, 2023;

**“Current Reporting Period”** means the reporting period for which the taxpayer is calculating the minimum wage credit using this Schedule.

**“Eligible Employee”** is any employee who earned no more than the current minimum wage for hours worked in Illinois for the employer during the reporting period and any employee who earned more than the current minimum wage for hours worked in Illinois for the employer at any time during the reporting period, but who earned less than the current minimum wage for hours worked in Illinois for the employer during 2021.

**NOTE:** A recently hired employee is **not** an eligible employee. The total number of eligible employees for a current reporting period may not exceed the total number of employees who earned less than the current minimum wage for hours worked in Illinois for the employer at any time during the fourth quarter of 2021.

**“Full-time Equivalent Employees”** means the ratio of the number of paid hours during the reporting period and the number of working hours in that period.

**NOTE:** A full-time equivalent employee shall be assumed to work 40 hours per week for 13 weeks for a total of 520 hours during a reporting period. The number of full-time equivalent employees for a reporting period means the number of employees working 40 hours per week that would be required to work the number of paid hours actually worked by all employees of the employer for that reporting period.

*For example, Employer A employs 56 employees who work 25,480 paid hours during a reporting period. 25,480 hours divided by 520 hours equals 49. Although employer employs 56 actual employees, only 49 full-time equivalent employees would be required to work the number of paid hours worked by all of the taxpayer’s employees during the reporting period.*

**“Hourly Employee”** is an employee whose working hours are tracked and recorded by the employer during the reporting period, regardless of whether the employee is paid by the hour, salary, commission or any other measure.

**“Maximum Credit”** for a current reporting period means the excess, if any, of the current compensation for the reporting period over the base compensation, multiplied by the applicable percentage, plus the credit for new eligible employees.

- 17 percent for reporting periods beginning on or after January 1, 2022, and ending on or before December 31, 2022.
- 13 percent for reporting periods beginning on or after January 1, 2023, and ending on or before December 31, 2023.

**“New Eligible Employee”** is an employee whose 90th consecutive day of employment for the employer occurred during the reporting period immediately preceding the current reporting period.

**“Recently Hired Employee”** is an employee who has been employed by the employer for less than 90 consecutive days as of the last day before the current reporting period.

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**“Salaried Employee”** is an employee whose hours are not tracked and recorded by the employer during the reporting period. **NOTE:** Salaried employees are deemed to have worked 40 hours per week for each week in which they were employed during a reporting period.

**“Wages”** are compensation, including bonus, overtime, and commission pay, of employees, but does not include fringe benefits.

**“Week Worked in Illinois”** is a week worked by an employee for which the majority of hours worked by the employee were worked in Illinois.

## Step 1: Determine eligibility for the Minimum Wage Credit

To be eligible for the credit for this reporting period **(A)** an employer must have 50 or fewer full-time equivalent employees and **(B)** the average wage paid by the employer per employee for all employees making less than \$55,000 must be greater than the average wage paid by the employer per employee for all employees making less than \$55,000 during the same reporting period in 2021.

### A) Determine the number of full-time equivalent employees

1. Total the number of weeks (rounded to the nearest whole week) worked during the reporting period by all salaried employees;
2. Multiply the number of weeks computed above by 40 hours to determine the number of hours worked by salaried employees during the reporting period;
3. Total the number of hours worked by all hourly employees during the reporting period;
4. Add the number of hours worked by salaried employees to the number of hours worked by hourly employees to determine the total hours worked by all employees;
5. Divide the total hours worked by all employees computed above by the 520 hours a full-time employee would work in a reporting period to determine the number of full-time equivalent employees.

*For example, during a reporting period, the Employer B employs 10 salaried employees who worked a combined total of 100 weeks during the reporting period and 30 hourly employees who worked a combined total of 15,000 hours. The salaried employees are deemed to have worked 4,000 hours during the reporting period. All employees worked a combined total of 19,000 hours during the reporting period. Therefore, during the reporting period, 37 full-time equivalent employees would have been required to work all of the paid hours worked by the Employer B's employees.  $((100 \text{ weeks} \times 40 \text{ hours}) + 15,000 \text{ hours}) / 520 = 36.54$ , rounded up to 37 full-time equivalent employees.*

#### FTE Formula:

$$\frac{(\# \text{ of weeks worked by "salaried employees"} \times 40 \text{ hours}) + (\# \text{ of hours worked by "hourly employees"})}{520} = \frac{\# \text{ FTE}}{\text{employees}}$$

**Result A**

If the result is greater than 50, the employer does not qualify for the credit.

### B) Determine whether or not you meet the average wage requirements

1. Total the actual amount of wages paid in Illinois to each employee earning less than \$55,000 in the reporting period;
2. To determine the number of hours worked by all employees earning less than \$55,000 during the reporting period, add the
  - combined total the number of weeks (rounded to the nearest whole week) worked during the reporting period by all salaried employees and
  - combined total number of hours worked by all hourly employees earning less than \$55,000 during the reporting period.
3. To determine the average wage paid in Illinois during the reporting period to employees earning less than \$55,000, divide the total wages paid to all employees earning less than \$55,000 during the reporting period by the total number of hours worked by all employees earning less than \$55,000 during the reporting period.

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For example, in the fourth reporting period of 2021, Employer C employed ten salaried employees who worked a combined total of 100 weeks and 30 hourly employees who worked a combined total of 15,000 hours during the reporting period.

All employees earned less than \$55,000 during the reporting period. Employer C paid a total of \$225,000 in wages to all 40 employees during the reporting period. The average wage paid in Illinois to all employees during the reporting period was \$11.84 per hour.  $\$225,000 / ((100 \text{ weeks} \times 40 \text{ hours}) + 15,000 \text{ hours}) = \$11.84 \text{ per hour}$ .

During the fourth reporting period of 2022, Employer C employed eight salaried employees who worked a combined total of 100 weeks and 32 hourly employees who worked a combined total of 16,000 hours during the reporting period. All employees earned less than \$55,000 during the reporting period. Employer C paid a total of \$250,000 in wages to all 40 employees during the reporting period. The average wage paid in Illinois to all employees during the reporting period was \$12.50 per hour.  $\$250,000 / ((100 \text{ weeks} \times 40 \text{ hours}) + 16,000 \text{ hours}) = \$12.50 \text{ per hour}$ . \$12.50 is greater than \$11.84, therefore Employer C is eligible for the credit for the fourth reporting period of 2022.

If the average wage paid in Illinois to all employees earning less than \$55,000 during the current reporting period is less than or equal to the amount computed for the same reporting period during the preceding calendar year, the employer does not qualify for the credit.

#### Average Wage Formula:

##### B1) For the current reporting period:

$\frac{\text{Total wages paid to all employees who earned less than \$55,000 for the current reporting period}}{(\text{total \# of weeks worked by "salaried employees"} \times 40) + (\text{total actual hours worked by "hourly employees"})} = \underline{\hspace{2cm}}$  **Result B1**

##### B2) For the same reporting period in 2021:

$\frac{\text{Total wages paid to all employees who earned less than \$55,000 for the same reporting period in 2021}}{(\text{total \# of weeks worked by "salaried employees"} \times 40) + (\text{total actual hours worked by "hourly employees"})} = \underline{\hspace{2cm}}$  **Result B2**

#### Compare these results.

- If the amount calculated for the current reporting period (Result B1) is less than or equal to the amount calculated for the same quarter in 2021 (Result B2), the employer does not qualify for the credit.
- If Result B1 is greater than the Result B2, the employer meets the average wage requirements for the credit.

### C) Determine whether or not you are eligible for the Minimum Wage Credit

#### Are both of the following statements true?

- A) The number of full-time equivalent employees is 50 or fewer (Result A).
- B) The amount calculated for the current reporting period (Result B1) is greater than the amount calculated for the same quarter in 2021 (Result B2).

If yes, you are eligible for the credit. Continue to Step 2 below.

### Step 2: Determine the amount of Minimum Wage Credit

The maximum credit for a current reporting period is comprised of two components that include:

1. a credit for wages paid in the current reporting period to eligible employees, based on the increase in their wages attributable to an increase in the minimum wage, plus;
2. a credit for newly eligible employees equal to the credit that would have been earned for their increased wages in earlier reporting periods if they had been eligible employees during those reporting periods.

**NOTE:** For each reporting period, the number of eligible employees may not exceed the number of employees who, during the last reporting period of the preceding calendar year, made less than the current minimum wage required by the Minimum Wage Law for the current reporting period. If the number of employees who would be eligible employees exceeds this limitation, the employer may choose which of the otherwise-eligible employees will be treated as eligible employees.

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## A) Determine the credit amount accrued for recently hired employees during the reporting period

An employer may not claim a credit for recently hired employees; however, such credits may accrue during the current reporting period and be claimed against payments for future reporting periods after the employee has worked for the employer at least 90 consecutive days. **NOTE:** The wages paid to recently hired employees cannot be used to calculate the credit for the current reporting period.

1. Determine if any of the current employees qualify as recently hired employees who began their employment less than 90 consecutive days immediately preceding the start of the current reporting period.
2. Record the wages paid to these employees for possible use in a future reporting period.
3. The wages paid during the employee's first 90 consecutive days of employment may only be used to calculate the minimum wage credit in the reporting period immediately following the reporting period in which the employee reaches his or her 90th consecutive day of employment. **NOTE:** If an employee does not reach the 91st day of employment, any wages earned by the employee are ineligible to be used to calculate the credit in future reporting periods.

*For example, Employee A is hired by Employer D on January 6, 2022, and continues to be employed through December 31, 2022. During that time, Employee A earns the minimum wage required for each reporting period in 2022. Employee A's 90th consecutive day of employment is April 5, 2022, which occurs during the second reporting period of 2022. Because Employee A's 90th consecutive day of employment did not occur prior to the start of the second reporting period of 2022, Employer D must use the wages earned during Employee A's first 90 consecutive days of employment to calculate the credit for the third reporting period in 2022.*

## B) Determine the number of eligible employees

1. Determine the number of employees who earned less than the current minimum or reduced wage at any time during the last reporting period of 2021;
2. Determine the number of current employees who were paid no more than the current minimum wage during the current reporting period;
3. Determine the number of current employees who earned more than the current minimum wage at any time during the reporting period but were employed by the employer and earned less than the current minimum wage at any time during the fourth reporting period of 2021;
4. Total the number of employees determined in **(B)(2)** and **(B)(3)** above.

**The number of eligible employees for the reporting period is equal to the lesser of (B)(1) and (B)(4) above.**

## C) Calculate the credit for eligible employees

The credit amount for eligible employees is equal to the current compensation minus the base compensation, multiplied by the applicable percentage:

**(current compensation - base compensation) X 17 percent = Credit for eligible employees**

- Current compensation is equal to:
  1. the total compensation paid in Illinois to eligible employees who earned no more than the current minimum wage during the reporting period, plus;
  2. for eligible employees who earned more than the current minimum wage at any time during the reporting period, the total hours worked in Illinois times the current minimum wage.
- Base compensation is the total compensation paid in Illinois to employees earning less than the current minimum wage during the fourth quarter of 2021.

*For example, in the fourth reporting period of 2021, Employer E employed 10 employees who earned the \$11 minimum wage. All employees were hired more than 90 days prior to the beginning of the reporting period. The employees worked a combined total of 5,200 hours during that reporting period. In the first reporting period of 2022, Employer E employed the same 10 employees who earned the applicable minimum wage of \$12 and worked 5,200 hours. Employer E is entitled to a credit of \$884.  **$((5,200 \text{ hours} \times \$12) - (5,200 \text{ hours} \times \$11)) \times 0.17 = \$884$** .*

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**NOTE:** The calculation of the Minimum Wage credit must account for any subminimum wage authorized by the Minimum Wage Law. For example, if an employee under age 18 earned the subminimum wage of \$8.50 per hour during the fourth reporting period of 2021, for reporting periods in 2022, the Minimum Wage Credit related to wages paid to that employee will be based on the difference between the 2021 subminimum wage and the wage paid to the employee in 2022. If the employee still qualifies for the subminimum during a reporting period in 2022, for the first 650 hours worked by the employee, the credit calculation should reflect the difference between \$8.50, the applicable 2021 subminimum wage, and \$9.25, the applicable 2022 subminimum wage. For any wages paid for hours 651 and beyond, or for wages paid after the employee reaches age 18, the credit calculation should reflect the difference between \$8.50, the applicable 2021 subminimum wage, and \$12, the applicable 2022 minimum wage required to be paid to the employee.

#### **D) Calculate the credit for new eligible employees**

The credit for new eligible employees is equal to the excess, if any, of the credit for eligible employees for prior reporting periods, recomputed by determining the current compensation for each reporting period for which a new eligible employee was a recently hired employee as if that new eligible employee had been an eligible employee for that reporting period.

**NOTE:** If treating all the new eligible employees as eligible employees for a prior reporting period would cause the number of eligible employees to exceed the maximum number determined for that reporting period, the employer shall determine the current compensation for that reporting period by including only the maximum number. For this purpose, the employer may choose which employees will be treated as eligible employees without regard to which employees were treated as eligible employees in the original computation of the credit for the reporting period.

**NOTE:** The recomputed credit for a prior reporting period may not exceed the employer's liability for that reporting period.

**NOTE:** The base compensation is not recomputed for purposes of computing this component of the maximum credit.

*For example, in the fourth reporting period of 2021, Employer F employed 10 employees who earned the minimum wage of \$11. All employees were hired more than 90 days prior to the beginning of the reporting period. The employees worked a combined total of 5,200 hours during that reporting period. One of the 10 employees resigned effective December 31, 2021. In the first reporting period of 2022, Employer F employed the remaining 9 employees. Employer F hired Employee C on January 6, 2022, who continued to work for Employer F through December 31, 2022. For the first 3 reporting periods of 2022, all 10 employees earned the applicable minimum wage of \$12.*

*During the first three reporting periods of 2022, the original nine employees worked a combined total of 5,000 hours in each reporting period and Employee C worked 520 hours during each reporting period. Employee C reached the 90th day of employment on April 5, 2022, during the second reporting period of 2022. At the end of the first reporting period of 2022, Employee C had been employed by Employer F for 85 days.*

- For the first reporting period of 2022, the taxpayer is entitled to a credit of \$476.  $((5,000 \text{ hours} \times \$12) - (5,200 \text{ hours} \times \$11)) \times .17 = \$476$ . The \$6,240 in wages paid to Employee C during the first reporting period does not count toward the 1st reporting period credit.  $520 \text{ hours} \times \$12 = \$6,240$ .*
- During the second reporting period of 2022, Employee C worked 30 hours between April 1, 2022, and April 5, 2022. Between April 6, 2022, and June 30, 2022, Employee C worked 490 hours. April 6, 2022, was Employee C's 91st day of employment by Employer F.*
  - Because they were earned during Employee C's first 90 days of employment, the \$360 in wages paid to Employee C between April 1, 2022, and April 5, 2022, does not count towards the second reporting period credit.  $30 \text{ hours} \times \$12 = \$360$ . The remaining \$5,880 in wages paid to Employee C does count toward the second reporting period credit.  $490 \text{ hours} \times \$12 = \$5,880$ . Therefore, for the second reporting period of 2022, the taxpayer is entitled to a credit of \$1,475.60.  $((5,490 \text{ hours} \times \$12) - (5,200 \text{ hours} \times \$11)) \times 0.17 = \$1,475.60$ .*
  - The \$6,600 in wages paid to Employee C for the 550 hours worked during Employee C's first 90 days of employment may be applied to the third reporting period credit calculation.  $550 \text{ hours} \times \$12 = \$6,600$ . Therefore, for the third reporting period of 2022, Employer F is entitled to a credit maximum of \$2,658.80.  $((5,520 \text{ hours} \times \$12) + (550 \text{ hours} \times \$12)) - (5,200 \text{ hours} \times \$11)) \times 0.17 = \$2,658.80$ .*

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## How do I calculate the Minimum Wage Credit for tipped employees?

**“Tipped employee”** means an employee who receives gratuities/tips as part of the job; an employee cannot be deemed a tipped employee unless he or she received \$20 or more per month in gratuities.

According to the Minimum Wage Law, tipped employees may be paid a subminimum wage equal to no less than 60 percent of the regular minimum wage.

If an employee’s wages are recalculated to meet the regular State minimum wage, then the credit calculation is made using the difference between the current minimum wage and the minimum wage at the end of 2021.

If an employee is considered a tipped employee and wages are not recalculated to meet the regular State minimum wage, then the credit calculation is made using the difference between the current tipped employee minimum wage paid by the employer and the tipped employee minimum wage paid by the employer at the end of 2021.

**Note:** In instances where a tipped employee performs non-tipped work and the employer is not allowed to utilize the applicable tip credit, the minimum wage tax credit calculation for the non-tipped work must be calculated using the regular minimum and not the reduced minimum wage for tipped workers. Tipped employees may be paid up to 60 percent of the regular minimum wage.

**For more information on how to calculate the Minimum Wage Credit, you can find additional resources at [tax.illinois.gov](http://tax.illinois.gov).**

## ***Tax Credit that can be carried for five years***

### **How do I use my Illinois Department of Commerce and Economic Opportunity (DCEO) credits?**

We receive notification from DCEO and apply credits when they become available. **Do not** claim this credit on your Form IL-941 **until** they are available for use per your EDGE Tax Credit Certificate of Verification tax credit certificate or your certificate of verification that you received from DCEO.

Account for these credits when you plan your payments so that your account remains in balance. Even if you use a DCEO credit, you still need to report the total amount you withheld from your employees or others on Step 4, Line 2, of Form IL-941. Your DCEO credits are applied to your tax liability before your payments. If you made payments that, when added with your DCEO credit, resulted in overpayment of your withholding taxes, you must file a Form IL-941-X, Amended Illinois Withholding Income Tax Return, along with the Schedules P-X and WC, to verify the overpayment. For additional information about DCEO credits, contact Illinois DCEO.

### **■ EDGE Tax Credit (Credit Code 5900)**

You may take this credit if

- you have entered into an agreement with DCEO, either under the Economic Development for a Growing Economy Tax Credit Act or the Corporate Headquarters Relocation Act, and
- you meet the conditions stated in your agreement with DCEO.

DCEO is responsible for issuing this credit. No new certificates have been issued since 2018; therefore, any EDGE credit claimed must be listed in Column F, Credit Carried. Enter the amount of EDGE credit carried forward from a previous quarter in Column F of your Schedule WC and Credit Code 5900 in Column B.

### **■ ILSBJC (Credit Code 5910)**

DCEO is responsible for issuing this credit. No new certificates have been issued since June 2018; therefore, any ILSBJC credit claimed must be listed in Column F, Credit Carried. Enter the amount of ILSBJC credit carried forward from a previous quarter in Column F of your Schedule WC and Credit Code 5910 in Column B.