

Instructions for HRA-1, Health Reimbursement Arrangement Tax Credit Worksheet

This worksheet should be completed if you are claiming a Health Reimbursement Arrangement tax credit. You are not required to provide the worksheet with your return when it is filed. However, you may be asked to provide or complete this worksheet upon review of your return.

If you are a pass through entity (partnership, S corporation, estate, or trust), this credit does not flow through. In addition, if a partnership or S corporation has a liability for pass through entity tax or composite withholding tax, this credit cannot be applied to reduce the tax due.

If additional sheets are necessary for Part A and Part B, include additional copies of this worksheet

Tax Year. Enter the year in which your tax year begins. For instance, if you have a fiscal year from July 1, 2024, to June 30, 2025, enter "2024".

For the employee information, there are two boxes listed. Both boxes must be completed. In the first box, enter the total number of employees that you had during the taxable year. In the second box, enter the maximum number of employees that you had at any point during the taxable year. For instance, if you had 60 employees during the year but never had more than 45 employees at any time during the year, enter "60" in the first box and "45" in the second box.

Part A Instructions

Complete this section only if you have employees that were issued W-2s for wages paid by you as an employer and the W-2s were issued by an entity with a federal employer identification number (FEIN) other than your own FEIN.

Enter the FEIN of any other entities that issued a W-2 to your employees for your wages. In the box for the number of employees, enter the number of employees that were issued W-2s for your wages under that FEIN. However, if an employee had W-2s issued under two different FEINs, include the employee only once:

- If you issued a W-2 to the employee and the W-2 issued by you was supplied, or will be supplied, to the department, do not count the employee under the "Number of Employees" for any employer in Part A.
- If you did not issue a W-2 to the employee and two or more employers listed in Part A issued W-2s to an employee, include them in the "number of employees" only for the first employer that:
 - is listed, and
 - supplied or will supply a W-2 to the department.

Part B Instructions

Enter the employee's name and social security number for each of your employees. List each employee only one time. Failure to list an employee will result in the employee not being considered a covered employee for purposes of this credit.

Hire Date. Enter the date the employee was hired as MM/DD/YYYY. If an employee was hired multiple times during the taxable year, enter the last date on which the employee was hired.

Termination Date.

- If the employee listed was no longer employed by you at the end of the year, enter the date on which the employee resigned or otherwise terminated from employment. Enter the date as MM/DD/YYYY.
- If an employee resigned or otherwise terminated multiple times during the year, enter the last termination date.
- If an employee was still employed by you as of the end of the taxable year, enter "12/31/9999".

Covered/Non-Covered Employees. Enter "C" if the employee was covered by a health reimbursement arrangement during the tax year. Enter "N" if the employee was not covered by a health reimbursement arrangement at any time during the tax year.

Employer Designation Code. If the employee was issued a W-2 by you and a copy of the W-2 was supplied to the department, enter "00" in this column on the row listing the employee.

If the employee was issued a W-2 under a different FEIN than your FEIN, and that W-2 was supplied to the department, use the row for the employer in Part A. Include only the row for which the employee was included in the "Number of Employees" column in Part A. If using rows 1 through 9, include a leading zero (e.g., row 1 is employer designation code "01", etc.).

If an employee was issued a W-2 and the W-2 was not supplied to the department, enter "99" in this column.

Note. If you are a fiscal year filer, enter the employer designation code for which you expect the W-2s ultimately will be issued.