

Department of the Treasury  
Internal Revenue Service

▶ **Attach to your return.**

Name(s) as shown on return

Identifying number

**Part I Current Year Indian Employment Credit**

<b>1</b>	Total of qualified wages and qualified employee health insurance costs paid or incurred during the tax year . . . . .	<b>1</b>		
<b>2</b>	Calendar year 1993 qualified wages and qualified employee health insurance costs (see instructions). If none, enter -0- . . . . .	<b>2</b>		
<b>3</b>	Incremental increase. Subtract line 2 from line 1 . . . . .	<b>3</b>		
<b>4</b>	Current year credit. Multiply line 3 by 20% (.20) (see instructions) . . . . .	<b>4</b>		
<b>5</b>	Indian employment credits from flow-through entities	If you are a—		Then enter total of current year Indian employment credit(s) from—
		<b>a</b> Shareholder . . . . .	}	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . . . .
		<b>b</b> Partner . . . . .		Schedule K-1 (Form 1065), lines 13c, 13d, or 14 . . . . .
		<b>c</b> Beneficiary . . . . .		Schedule K-1 (Form 1041), line 13 . . . . .
<b>d</b> Patron . . . . .	Written statement from cooperative . . . . .			
<b>6</b>	<b>Total current year credit.</b> Add lines 4 and 5. (S corporations, partnerships, estates, trusts, and cooperatives, see instructions.) . . . . .	<b>6</b>		

**Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)**

<b>7a</b>	Individuals. Enter amount from Form 1040, line 40 . . . . .	}	<b>7</b>	
	<b>b</b> Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1). . . . .			
	<b>c</b> Other filers. Enter regular tax before credits from your return . . . . .			
<b>8a</b>	Credit for child and dependent care expenses (Form 2441, line 10) . . . . .	<b>8a</b>		
	<b>b</b> Credit for the elderly or the disabled (Schedule R (Form 1040), line 20) . . . . .	<b>8b</b>		
	<b>c</b> Mortgage interest credit (Form 8396, line 11) . . . . .	<b>8c</b>		
	<b>d</b> Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12) . . . . .	<b>8d</b>		
	<b>e</b> Possessions tax credit (Form 5735). . . . .	<b>8e</b>		
	<b>f</b> Orphan drug credit (Form 6765). . . . .	<b>8f</b>		
	<b>g</b> Credit for fuel from a nonconventional source . . . . .	<b>8g</b>		
	<b>h</b> Qualified electric vehicle credit (Form 8834, line 19) . . . . .	<b>8h</b>		
<b>i</b>	Add lines 8a through 8h . . . . .	<b>8i</b>		
<b>9</b>	Net regular tax. Subtract line 8i from line 7 . . . . .	<b>9</b>		
<b>10</b>	Tentative minimum tax (see instructions):	}	<b>10</b>	
	<b>a</b> Individuals. Enter amount from Form 6251, line 26 . . . . .			
	<b>b</b> Corporations. Enter amount from Form 4626, line 13. . . . .			
<b>c</b>	Estates and trusts. Enter amount from Form 1041, Schedule I, line 37 . . . . .			
<b>11</b>	Net income tax:	}	<b>11</b>	
	<b>a</b> Individuals. Add line 9 above and line 28 of Form 6251 . . . . .			
	<b>b</b> Corporations. Add line 9 above and line 15 of Form 4626 . . . . .			
<b>c</b>	Estates and trusts. Add line 9 above and line 41 of Form 1041, Schedule I . . . . .			
<b>12</b>	If line 9 is more than \$25,000, enter 25% (.25) of the excess (see instructions) . . . . .	<b>12</b>		
<b>13</b>	Subtract line 10 or line 12, whichever is greater, from line 11. If zero or less, enter -0- . . . . .	<b>13</b>		
<b>14</b>	<b>Indian employment credit allowed for the current year.</b> Enter the <b>smaller</b> of line 6 or line 13. This is your <b>General Business Credit</b> for 1995. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the appropriate line of other income tax returns . . . . .	<b>14</b>		

## 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.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> . . . . .	5 hr., 59 min.
<b>Learning about the law or the form</b> . . . . .	1 hr., 35 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	1 hr., 46 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. You can write to the IRS at the address listed in the instructions for the tax return with which this form is filed.

## General Instructions

*Section references are to the Internal Revenue Code unless otherwise noted.*

### Purpose of Form

Employers of American Indians who are qualified employees (see **Definitions**) use Form 8845 to claim the Indian employment credit under section 45A.

In most cases, the credit is 20% of the excess of an employer's current year qualified wages and qualified employee health insurance costs over the sum of the corresponding amounts paid or incurred during calendar year 1993 by the employer (or predecessor). For purposes of the credit, the total amount of qualified wages and costs may not exceed \$20,000 for each employee.

### Definitions

**Qualified wages** means any wages paid or incurred by an employer for services performed by an employee while such employee is a qualified employee (see below). It does **not** include wages attributable to services rendered during the 1-year period beginning with the day the employee starts work for the employer if any portion of such wages is used in figuring the targeted jobs credit on Form 5884. Wages has the same meaning as given in section 51.

**Qualified employee health insurance costs** means any amount paid or incurred by an employer for health insurance to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee. No amount paid or incurred for health insurance under a salary reduction arrangement may be included.

**Qualified employee** means, for any tax period, any employee of an employer if the employee meets all the following tests:

1. The employee is an enrolled member of an Indian tribe or the spouse of an enrolled member of an Indian tribe. The tribe keeps the enrollment list.
2. Substantially all the services performed during that period by the employee for the employer are performed within an Indian reservation (defined in next column).
3. The employee's principal residence while performing such services is on or near the reservation where the services are performed.

However, the employee shall be treated as a qualified employee for any tax year of the employer only if more than 50% of the wages paid or incurred by the employer to the employee during the year are for services performed in the employer's trade or business. Each member of a controlled group must meet this requirement independently.

The following are **not** qualified employees:

- Any individual who bears any of the relationships described in sections 152(a)(1) through 152(a)(8) to, or is a dependent described in section 152(a)(9) of, the employer.
- If the employer is a corporation, any individual who bears any of the relationships described in section 152(a)(1) through 152(a)(8) to, or is a dependent described in section 152(a)(9) of, an individual who owns (or is considered to own under section 267(c)) more than 50% in value of the outstanding stock of the corporation.
- If the employer is an estate or trust, any individual who is a grantor, beneficiary, or fiduciary of the estate or trust (or a dependent, as described in section 152(a)(9), of that individual), or any individual who is a relative, as described in sections 152(a)(1) through 152(a)(8), of the grantor, beneficiary, or fiduciary of the estate or trust.
- If the employer is other than a corporation, estate, or trust, any individual who owns directly or indirectly more than 50% of the capital and profits interest, including constructive ownership, in the entity.
- Any person who owns (or is considered to own under section 318) more than 5% of the outstanding or voting stock of the employer or, if not a corporate employer, more than 5% of the capital or profits interest in the employer.
- Any individual who performs services involving the conduct of Class I, II, or III gaming as defined in section 4 of the Indian Gaming Regulatory Act and any individual performing any services in a building housing such gaming activity.

**Indian tribe** means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional or village corporation, as defined in, or established under, the Alaska Native Claims Settlement Act, that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians. See the Federal Register dated February 16, 1995 (60 FR 9250), for the most recent listing of federally recognized Indian tribes.

**Indian reservation** means a reservation as defined in section 3(d) of the Indian Financing Act of 1974 or section 4(10) of the Indian Child Welfare Act of 1978.

### Early Termination of Employee

Generally, if the employer terminates a qualified employee less than 1 year after the date of initial employment:

1. No wages or qualified employee health insurance costs may be taken into account for the tax year the employment is terminated, and
2. Any credits allowed for prior tax years by reason of wages paid or incurred by the employer to that employee must be recaptured. Report the amount on the "Recapture taxes" line of the income tax return and write "45A" to the left of the entry. Also, any carryback or carryover of the credit is adjusted.

These rules do not apply if:

- The employee voluntarily quits.
- The employee is terminated because of misconduct.
- The employee becomes disabled. However, if the disability ends before the end of the first year of employment, the employer must offer reemployment to the former employee.