



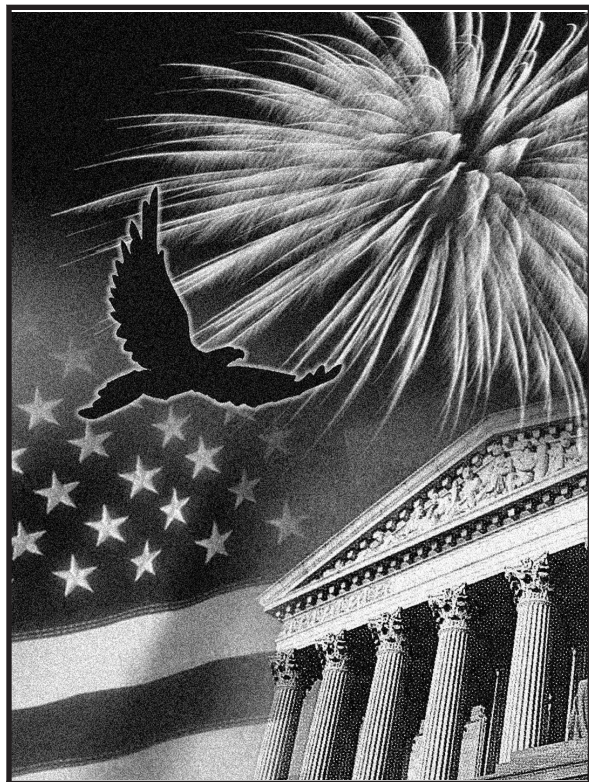
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For use in **2020**



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Future Developments

For the latest information about developments related to Pub. 51, such as legislation enacted after it was published, go to [IRS.gov/Pub51](https://www.irs.gov/pub51).

What's New

2020 withholding tables. The Percentage Method and Wage Bracket Method withholding tables are no longer included in Pub. 51. These tables and the employer instructions on how to figure employee withholding are now included in Pub. 15-T, Federal Income Tax Withholding Methods. You may also use the Income Tax Withholding Assistant for Employers at [IRS.gov/ITWA](https://www.irs.gov/ITWA) to help you figure federal income tax withholding.

Redesigned Form W-4 for 2020. The IRS has redesigned Form W-4 for 2020. In the past, the value of a withholding allowance was tied to the amount of the personal exemption. Due to changes in the law, taxpayers can no longer claim personal exemptions or dependency exemptions; therefore, the 2020 Form W-4 no longer asks an employee to report the number of withholding allowances that they are claiming. The revised Form W-4 is divided into five steps. Step 1 and Step 5 apply to all employees.

In Step 1, employees enter personal information like their name and filing status. In Step 5, employees sign the form. Employees who complete only Step 1 and Step 5 will have their withholding figured based on their filing status's standard deduction and tax rates with no other adjustments. If applicable, in Step 2, employees increase their withholding to account for higher tax rates due to income from other jobs in their household. Under Step 2, employees either enter an additional amount to withhold per payroll period in Step 4(c) or check the box in Step 2(c) for higher withholding rate tables to apply to their wages. In Step 3, employees decrease their withholding by reporting the annual amount of any credits they will claim on their income tax return. In Step 4, employees may increase or decrease their withholding based on the annual amount of other income or deductions they will report on their income tax return and they may also request any additional federal income tax they want withheld each pay period.

Employees who have submitted Form W-4 in any year before 2020 aren't required to submit a new form merely because of the redesign. Employers will continue to figure withholding based on the information from the employee's most recently submitted Form W-4. The withholding tables in Pub. 15-T allow employers to figure withholding based on a Form W-4 for an earlier year as well as the redesigned 2020 Form W-4. While you may ask your employees first paid wages before 2020 to submit new Forms W-4 using the redesigned version of the form, you should explain to them that they're not required to do this and if they don't submit a new Form W-4, withholding will continue based on a valid Form W-4 previously submitted. All newly hired employees first paid wages after 2019 must use the redesigned form. Similarly, any other employees who wish to adjust their withholding must use the redesigned form. A new employee who is first paid wages in 2020, including an employee who previously worked for you and was rehired in 2020, and who fails to furnish a Form W-4 will be treated as if they had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2020 Form W-4. However, an employee who was paid wages in 2019 and who failed to furnish a Form W-4 should continue to be treated as single and claiming zero allowances on a 2019 Form W-4. See [section 5](#) for additional details. For the latest information about developments related to Form W-4, go to [IRS.gov/FormW4](https://www.irs.gov/FormW4).

Social security and Medicare tax for 2020. The social security tax rate is 6.2% each for the employee and employer, unchanged from 2019. The social security wage base limit is \$137,700.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2019. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,200 or more in cash in 2020.

New Form 1099-NEC. There is a new Form 1099-NEC to report nonemployee compensation paid in 2020. The 2020 Form 1099-NEC will be due February 1, 2021. For

nonemployee compensation paid in 2019, continue to use Form 1099-MISC, which is due January 31, 2020.

Disaster tax relief. Disaster tax relief is available for those impacted by disasters. For more information about disaster relief, go to [IRS.gov/DisasterTaxRelief](https://www.irs.gov/DisasterTaxRelief).

Reminders

Withholding on supplemental wages. P.L. 115-97 lowered the withholding rates on supplemental wages for tax years beginning after 2017 and before 2026. See [Supplemental wages](#) in section 5 for the withholding rates.

Certification program for professional employer organizations (PEOs). The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 required the IRS to establish a voluntary certification program for PEOs. PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO). Also see Revenue Procedure 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14).

Outsourcing payroll duties. Generally, as an employer, you're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. Before you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, such as a payroll service provider or reporting agent, go to [IRS.gov/OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic. If a CPEO pays wages and other compensation to an individual performing services for you, and the services are covered by a contract described in section 7705(e)(2) between you and the CPEO (CPEO contract), then the CPEO is generally treated as the employer, but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal employment taxes imposed on wages and other compensation paid by the CPEO to such employees. For more information on the different types of third-party payer arrangements, see section 16 in Pub. 15.

Schedule R (Form 943), Allocation Schedule for Aggregate Form 943 Filers. Agents approved by the IRS under section 3504 and CPEOs must complete and file Schedule R (Form 943) each time they file an aggregate Form 943, Employer's Annual Federal Tax Return for Agricultural Employees. To request approval to act as an agent for an employer under section 3504, the agent must file Form 2678 with the IRS. Form 2678 must be previously filed and approved by the IRS before filing Schedule R. To become a CPEO, the organization must apply through the IRS Online Registration System at [IRS.gov/CPEO](https://www.irs.gov/cpeo). CPEOs file Form 8973, Certified Professional Employer Organization/Customer Reporting Agreement, to notify the IRS that they've started or ended a service contract with a client or customer.

Qualified small business payroll tax credit for increasing research activities. For tax years beginning after 2015, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit against the employer's share of social security tax. The payroll tax credit must be elected on an original income tax return that is timely filed (including extensions). The portion of the credit used against the employer's share of social security tax is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The election and determination of the credit amount that will be used against the employer's share of social security tax are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities. Form 8974 is used to determine the amount of the credit that can be used in the current year. The amount from Form 8974, line 12, is reported on Form 943, line 12. If you're claiming the research payroll tax credit on your Form 943, you must attach Form 8974 to Form 943. For more information about the payroll tax credit, see Notice 2017-23, 2017-16 I.R.B. 1100, available at [IRS.gov/irb/2017-16_IRB#NOT-2017-23](https://www.irs.gov/irb/2017-16_IRB#NOT-2017-23), and [IRS.gov/ResearchPayrollTC](https://www.irs.gov/ResearchPayrollTC). Also see the line 17 instructions in the Instructions for Form 943.

Work opportunity tax credit for qualified tax-exempt organizations hiring qualified veterans. Qualified tax-exempt organizations that hire eligible unemployed veterans may be able to claim the work opportunity tax credit against their payroll tax liability using Form 5884-C. For more information, go to [IRS.gov/WOTC](https://www.irs.gov/WOTC).

COBRA premium assistance credit. Effective for tax periods beginning after 2013, the credit for COBRA premium assistance payments can't be claimed on Form 943. Instead, after filing your Form 943, file Form 943-X, Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund, to claim the COBRA premium assistance credit. Filing a Form 943-X before filing a Form 943 for the year may result in errors or delays in processing your Form 943-X. For more information, see the Instructions for Form 943.

Definition of marriage. A marriage of two individuals is recognized for federal tax purposes if the marriage is recognized by the state, possession, or territory of the

United States in which the marriage is entered into, regardless of legal residence. Two individuals who enter into a relationship that is denominated as marriage under the laws of a foreign jurisdiction are recognized as married for federal tax purposes if the relationship would be recognized as marriage under the laws of at least one state, possession, or territory of the United States, regardless of legal residence. Individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that isn't denominated as a marriage under the law of the state, possession, or territory of the United States where such relationship was entered into aren't lawfully married for federal tax purposes, regardless of legal residence.

Disregarded entities and qualified subchapter S subsidiaries (QSubs). Eligible single-owner disregarded entities and QSubs are treated as separate entities for employment tax purposes. Eligible single-member entities must report and pay employment taxes on wages paid to their employees using the entities' own names and employer identification numbers (EINs). See Regulations sections 1.1361-4(a)(7) and 301.7701-2(c)(2)(iv).

Differential wage payments. Qualified differential wage payments made by employers to individuals serving in the U.S. Armed Forces are subject to income tax withholding but not social security, Medicare, or FUTA taxes. For more information, see section 5 of Pub. 15.

Federal tax deposits must be made by electronic funds transfer (EFT). You must use EFT to make all federal tax deposits. Generally, an EFT is made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

For more information on making federal tax deposits, see [How To Deposit](#) in section 7. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://www.eftps.gov) or call 800-555-4477 or 800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.

Electronic filing and payment. Businesses can enjoy the benefits of filing tax returns and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make filing and payment easier.

Spend less time worrying about taxes and more time running your business. Use *e-file* and EFTPS to your benefit.

- For *e-file*, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/employmentefile) for additional information. A fee may be charged to file electronically.
- For EFTPS, go to [EFTPS.gov](https://www.eftps.gov) or call EFTPS Customer Service at 800-555-4477 or 800-733-4829 (TDD) for additional information.

- For electronic filing of Form W-2, go to [SSA.gov/employer](https://ssa.gov/employer).



If you're filing your tax return or paying your federal taxes electronically, a valid EIN is required at the time the return is filed or the payment is made. If a valid EIN isn't provided, the return or payment won't be processed. This may result in penalties. See [Employer identification number \(EIN\)](#) in section 1 for more information about applying for an EIN.

Electronic funds withdrawal (EFW). If you file your employment tax return electronically, you can *e-file* and use EFW to pay the balance due in a single step using tax preparation software or through a tax professional. However, don't use EFW to make federal tax deposits. For more information on paying your taxes using EFW, go to [IRS.gov/EFW](https://irs.gov/EFW).

Credit or debit card payments. You can pay the balance due shown on your employment tax return by credit or debit card. Your payment will be processed by a payment processor who will charge a processing fee. Don't use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, go to [IRS.gov/PayByCard](https://irs.gov/PayByCard).

Online payment agreement. You may be eligible to apply for an installment agreement online if you can't pay the full amount of tax you owe when you file your employment tax return. For more information, see the instructions for your employment tax return or go to [IRS.gov/OPA](https://irs.gov/OPA).

Dishonored payments. Any form of payment that is dishonored and returned from a financial institution is subject to a penalty. The penalty is \$25 or 2% of the payment, whichever is more. However, the penalty on dishonored payments of \$24.99 or less is an amount equal to the payment. For example, a dishonored payment of \$18 is charged a penalty of \$18.

When you hire a new employee. Ask each new employee to complete the 2020 Form W-4, or its Spanish version, Formulario W-4(SP). Also, ask the employee to show you his or her social security card so that you can record the employee's name and social security number (SSN) accurately. If the employee has lost the card or recently changed names, have the employee apply for a duplicate or corrected card. If the employee doesn't have a card, have the employee apply for one on Form SS-5, Application for a Social Security Card. See [section 1](#) for more information.

Eligibility for employment. You must verify that each new employee is legally eligible to work in the United States. This includes completing the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification. You can get Form I-9 at [USCIS.gov/Forms](https://uscis.gov/Forms). For more information, go to the USCIS website at [USCIS.gov/I-9-Central](https://uscis.gov/I-9-Central) or call 800-375-5283 or 800-767-1833 (TTY).

You may use the Social Security Number Verification Service (SSNVS) at [SSA.gov/employer/ssnv.htm](https://ssa.gov/employer/ssnv.htm) to verify that an employee name matches an SSN. A person may have a valid SSN but not be authorized to work in the United States. You may use E-Verify at e-verify.gov to

confirm the employment eligibility of newly hired employees.

New hire reporting. You're required to report any new employee to a designated state new-hire registry. A new employee is an employee who hasn't previously been employed by you or was previously employed by you but has been separated from such prior employment for at least 60 consecutive days. Many states accept a copy of Form W-4 with employer information added. Visit the Office of Child Support Enforcement's website at acf.hhs.gov/css/employers for more information.

Forms in Spanish. You can provide Formulario W-4(SP) in place of Form W-4 to your Spanish-speaking employees. For more information, see Pub. 17(SP), El Impuesto Federal sobre los Ingresos (Para Personas Físicas).

For nonemployees, such as independent contractors, Formulario W-9(SP), Solicitud y Certificación del Número de Identificación del Contribuyente, may be used in place of Form W-9, Request for Taxpayer Identification Number and Certification.

References in this publication to Form W-4 or Form W-9 also apply to their equivalent Spanish translations—Formulario W-4(SP) or Formulario W-9(SP).

Information returns. You must file Forms W-2 to report wages paid to employees. You may also be required to file information returns to report certain types of payments made during the year. For example, you must file Form 1099-MISC, Miscellaneous Income, to report payments of \$600 or more in 2019 to persons not treated as employees (for example, independent contractors) for services performed for your trade or business. For details about filing Forms 1099 and for information about required electronic filing, see the General Instructions for Certain Information Returns for general information, and the separate, specific instructions for each information return that you file (for example, the 2019 Instructions for Form 1099-MISC). Generally, don't use Forms 1099 to report wages or other compensation that you paid to employees; report these amounts on Form W-2. See the General Instructions for Forms W-2 and W-3 for details about filing Form W-2 and for information about required electronic filing. If you file 250 or more Forms 1099-MISC in calendar year 2020, you must file them electronically. If you file 250 or more Forms W-2 in calendar year 2020, you must file them electronically.



There is a new Form 1099-NEC to report nonemployee compensation paid in 2020. The 2020 Form 1099-NEC will be due February 1, 2021.

Information reporting customer service site. The IRS operates an information return customer service site to answer questions about reporting on Forms W-2, W-3, 1099, and other information returns. If you have questions related to reporting on information returns, you may call 866-455-7438 (toll free), 304-263-8700 (toll call), or 304-579-4827 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability). The call site can also be reached by email at mccirp@irs.gov. Don't include tax identification numbers (TINs) or attachments in email correspondence because electronic mail isn't secure.

Web-based application for an EIN. Go to [IRS.gov/EIN](https://www.irs.gov/EIN) to apply for an EIN online. See [section 1](#) for additional information.

When a crew leader furnishes workers to you. Record the crew leader's name, address, and EIN. See [sections 2](#) and [10](#).

Change of business address or responsible party. Notify the IRS immediately if you change your business address or responsible party. Complete and mail Form 8822-B to notify the IRS of a business address or responsible party change. For a definition of "responsible party," see the instructions for Form SS-4.

Ordering forms, instructions, and publications. You can view, download, or print most of the forms, instructions, and publications you may need at [IRS.gov/Forms](https://www.irs.gov/Forms). Otherwise, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have them mailed to you.

Instead of ordering paper Forms W-2 and W-3, consider filing them electronically using the SSA's free *e-file* service. Visit the SSA's Employer W-2 Filing Instructions & Information website at [SSA.gov/employer](https://www.ssa.gov/employer) to register for Business Services Online. You'll be able to create Forms W-2 online and submit them to the SSA by typing your wage information into easy-to-use "fill-in" fields. In addition, you can print out completed copies of Forms W-2 to file with state or local governments, distribute to your employees, and keep for your records. Form W-3 will be created for you based on your Forms W-2.

Tax questions. If you have an employment tax question, check the information available on [IRS.gov](https://www.irs.gov) or call 800-829-4933 or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability) Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time).

Recordkeeping. Keep all records of employment taxes for at least 4 years. These should be available for IRS review. Your records should include the following information.

- Your EIN.
- Amounts and dates of all wage, annuity, and pension payments.
- Names, addresses, SSNs, and occupations of employees and recipients.
- Any employee copies of Forms W-2 and W-2c returned to you as undeliverable.
- Dates of employment for each employee.
- Periods for which employees and recipients were paid while absent due to sickness or injury and the amount and weekly rate of payments you or third-party payers made to them.
- Copies of employees' and recipients' income tax withholding certificates (Forms W-4, W-4(SP), W-4P, and W-4S).
- Dates and amounts of tax deposits you made and acknowledgment numbers for deposits made by EFTPS.
- Copies of returns filed and confirmation numbers.

- Records of fringe benefits and expense reimbursements provided to your employees, including substantiation.

If a crew leader furnished you with farmworkers, you must keep a record of the name, permanent mailing address, and EIN of the crew leader. If the crew leader has no permanent mailing address, record his or her present address.

Private delivery services. You can use certain private delivery services (PDSs) designated by the IRS to meet the "timely mailing as timely filing" rule for tax returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs.

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses). Select the mailing address listed on the webpage that is in the same state as the address to which you would mail returns filed without a payment, as shown in the instructions for your employment tax return.



PDSs can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Zero wage return. If you haven't filed a "final" Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, or Form 943, you must continue to file Forms 940 and 943 even for years during which you paid no wages. The IRS encourages you to file your "zero wage" Forms 940 and 943 electronically. Go to [IRS.gov/EmploymentEfile](https://www.irs.gov/EmploymentEfile) for more information on electronic filing.

Pub. 5146 explains employment tax examinations and appeal rights. Pub. 5146 provides employers with information on how the IRS selects employment tax returns to be examined, what happens during an exam, and what options an employer has in responding to the results of an exam, including how to appeal the results. Pub. 5146 also includes information on worker classification issues and tip exams.

Photographs of missing children. The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](https://www.nccmec.org/). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Calendar

The following is a list of important dates and responsibilities. The dates listed here haven't been adjusted for Saturdays, Sundays, and legal holidays (see the [TIP](#) next). Pub. 509, Tax Calendars (for use in 2020), adjusts the dates for Saturdays, Sundays, and legal holidays. See [section 7](#) for information about depositing taxes reported on Forms 943 and 945, Annual Return of Withheld Federal Income Tax. See [section 10](#) for

information about depositing FUTA tax. Due dates for forms required for health coverage reporting aren't listed here. For these dates, see Pub. 509.



If any date shown below for filing a return, furnishing a form, or depositing taxes falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. The term "legal holiday" means any legal holiday in the District of Columbia. A statewide legal holiday delays a filing due date only if the IRS office where you're required to file is located in that state. However, a statewide legal holiday doesn't delay the due date of federal tax deposits. See [Deposits Due on Business Days Only](#) in section 7. For any filing due date, you will meet the "file" or "furnish" requirement if the envelope containing the return or form is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated PDS on or before the due date. See [Private delivery services](#) under Reminders, earlier, for more information.

Fiscal year taxpayers. The due dates listed next apply whether you use a calendar or a fiscal year.

By January 31

- File Form 943. See [section 8](#) for more information on Form 943. If you deposited all Form 943 taxes when due, you may file Form 943 by February 10.
- File Form 940. See [section 10](#) for more information on FUTA. If you deposited all the FUTA tax when due, you may file Form 940 by February 10.
- File with the SSA Copy A of all 2019 paper and electronic Forms W-2 with Form W-3, Transmittal of Wage and Tax Statements. For more information on reporting Form W-2 information to the SSA electronically, visit the SSA's Employer W-2 Filing Instructions & Information webpage at [SSA.gov/employer](https://ssa.gov/employer). If filing electronically via the SSA's Form W-2 Online service, the SSA will generate Form W-3 data from the electronic submission of Form(s) W-2.
- Furnish each employee with a completed Form W-2.
- File with the IRS Copy A of all 2019 paper and electronic Forms 1099-MISC that report nonemployee compensation, with Form 1096, Annual Summary and Transmittal of U.S. Information Returns. For information on filing information returns electronically with the IRS, see Pub. 1220. Other Forms 1099, including Forms 1099-MISC reporting anything other than nonemployee compensation, have different due dates. See the General Instructions for Certain Information Returns for more information.
- Furnish each recipient to whom you paid \$600 or more in nonemployee compensation with a completed Form 1099-MISC.
- File Form 945 to report any nonpayroll federal income tax withheld in 2019. If you deposited all Form 945 taxes when due, you may file Form 945 by February 10.

By February 15

Ask for a new Form W-4 or Formulario W-4(SP) from each employee who claimed exemption from federal income tax withholding last year.

On February 16

Any Form W-4 claiming exemption from withholding for the previous year has now expired. Begin withholding for any employee who previously claimed exemption from withholding but hasn't given you a new Form W-4 for the current year. If the employee doesn't give you a new Form W-4, withhold tax as if he or she had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2020 Form W-4. See [section 5](#) for more information. If the employee furnishes a new Form W-4 claiming exemption from withholding after February 15, you may apply the exemption to future wages, but don't refund taxes withheld while the exempt status wasn't in place.

By April 30, July 31, October 31, and January 31

Deposit FUTA taxes. Deposit FUTA tax if the undeposited amount is over \$500.

Before December 1

Remind employees to submit a new Form W-4 if their filing status, other income, deductions, or credits have changed or will change for the next year.

Introduction

This publication is for employers of agricultural workers (farmworkers). It contains information that you may need to comply with the laws for agricultural labor (farmwork) relating to social security and Medicare taxes, FUTA tax, and withheld federal income tax (employment taxes). Agricultural employers report social security and Medicare taxes and withheld federal income tax on Form 943 and report FUTA tax on Form 940.

When you pay your employees, you don't pay them all the money they earned. As their employer, you have the added responsibility of withholding taxes from their paychecks. The federal income tax and employees' share of social security and Medicare taxes that you withhold from your employees' paychecks are part of their wages that you pay to the U.S. Treasury instead of to your employees. Your employees trust that you pay the withheld taxes to the U.S. Treasury by making federal tax deposits. This is the reason that these withheld taxes are called trust fund taxes. If federal income, social security, or Medicare taxes that must be withheld aren't withheld or aren't deposited or paid to the U.S. Treasury, the trust fund recovery penalty may apply. See [section 7](#) for more information.

If you have nonfarm employees, see Pub. 15. If you have employees in the U.S. Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands, see Pub. 80. Pub. 15-A contains more employment-related information, including information about sick pay and pension income. Pub. 15-B contains information about the employment tax treatment and valuation of various types of noncash compensation. Pub. 15-T includes the federal income tax withholding tables and

instructions on how to use the tables. For additional information about employment taxes, go to [IRS.gov/ EmploymentTaxes](https://www.irs.gov/employmenttaxes). For general tax information relevant to agricultural employers, go to [IRS.gov/ AgricultureTaxCenter](https://www.irs.gov/agriculturetaxcenter).

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can send us comments from [IRS.gov/ FormComments](https://www.irs.gov/FormComments).

Or you can write to:

Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax forms, instructions, and publications. We can't answer tax questions sent to the above address.

COBRA premium assistance credit. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. COBRA generally covers multiemployer health plans and health plans maintained by private-sector employers (other than churches) with 20 or more full- and part-time employees. Parallel requirements apply to these plans under the Employee Retirement Income Security Act of 1974 (ERISA). Under the Public Health Service Act, COBRA requirements also apply to health plans covering state or local government employees. Similar requirements apply under the Federal Employees Health Benefits Program and under some state laws. For the premium assistance (or subsidy) discussed below, these requirements are all referred to as COBRA requirements.

Under the American Recovery and Reinvestment Act of 2009 (ARRA), employers are allowed a credit against "payroll taxes" (referred to in this publication as "employment taxes") for providing COBRA premium assistance to assistance-eligible individuals. For periods of COBRA continuation coverage beginning after February 16, 2009, a group health plan must treat an assistance-eligible individual as having paid the required COBRA continuation coverage premium if the individual elects COBRA coverage and pays 35% of the amount of the premium.

An assistance-eligible individual is a qualified beneficiary of an employer's group health plan who is eligible for COBRA continuation coverage during the period beginning September 1, 2008, and ending May 31, 2010, due to the involuntary termination from employment of a covered employee during the period and elects continuation COBRA coverage. The assistance for the coverage can last up to 15 months.

The COBRA premium assistance credit was available to an employer for premiums paid on behalf of employees who were involuntarily terminated from employment

between September 1, 2008, and May 31, 2010. The COBRA premium assistance credit isn't available for individuals who were involuntarily terminated after May 31, 2010. Therefore, only in rare circumstances will the credit still be available, such as instances where COBRA eligibility was delayed as a result of employer-provided health insurance coverage following termination. For more information about the credit, see Notice 2009-27, 2009-16 I.R.B. 838, available at [IRS.gov/irb/2009-16_IRB#NOT-2009-27](https://www.irs.gov/irb/2009-16_IRB#NOT-2009-27).

Administrators of the group health plans (or other entities) that provide or administer COBRA continuation coverage must provide notice to assistance-eligible individuals of the COBRA premium assistance.

The 65% of the premium not paid by the assistance-eligible individual is reimbursed to the employer maintaining the group health plan. The reimbursement is made through a credit against the employer's employment tax liabilities. For information on how to claim the credit, see the Instructions for Form 943-X. The credit is treated as a deposit made on the first day of the return period. In the case of a multiemployer plan, the credit is claimed by the plan, rather than the employer. In the case of an insured plan subject to state law continuation coverage requirements, the credit is claimed by the insurance company, rather than the employer.

Anyone claiming the credit for COBRA premium assistance payments must maintain the following information to support their claim.

- Information on the receipt of the assistance-eligible individuals' 35% share of the premium, including dates and amounts.
- In the case of an insurance plan, a copy of an invoice or other supporting statement from the insurance carrier and proof of timely payment of the full premium to the insurance carrier required under COBRA.
- In the case of a self-insured plan, proof of the premium amount and proof of the coverage provided to the assistance-eligible individuals.
- Attestation of involuntary termination, including the date of the involuntary termination for each covered employee whose involuntary termination is the basis for eligibility for the subsidy.
- Proof of each assistance-eligible individual's eligibility for COBRA coverage and the election of COBRA coverage.
- A record of the SSNs of all covered employees, the amount of the subsidy reimbursed with respect to each covered employee, and whether the subsidy was for one individual or two or more individuals.

Useful Items

You may want to see:

Publication

- ☐ **15** Employer's Tax Guide
- ☐ **15-A** Employer's Supplemental Tax Guide
- ☐ **15-B** Employer's Tax Guide to Fringe Benefits

- ❑ **15-T** Federal Income Tax Withholding Methods
- ❑ **225** Farmer's Tax Guide
- ❑ **535** Business Expenses
- ❑ **583** Starting a Business and Keeping Records
- ❑ **1635** Employer Identification Number: Understanding Your EIN

1. Taxpayer Identification Numbers (TINs)

If you're required to withhold any federal income, social security, or Medicare taxes, you will need an EIN for yourself. Also, you will need the SSN of each employee and the name of each employee as shown on the employee's social security card.

Employer identification number (EIN). An EIN is a nine-digit number that the IRS issues. The digits are arranged as follows: 00-0000000. It is used to identify the tax accounts of employers and certain others who have no employees. Use your EIN on all of the items that you send to the IRS and the SSA.

If you don't have an EIN, you may apply for one online by visiting [IRS.gov/EIN](https://www.irs.gov/ein). You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If the principal business was created or organized outside of the United States or U.S. territories, you may also apply for an EIN by calling 267-941-1099 (toll call). Don't use an SSN in place of an EIN.

If you don't have an EIN by the time a return is due, file a paper return and write "Applied For" and the date you applied for it in the space shown for the number. If you took over another employer's business, don't use that employer's EIN.

You should have only one EIN. If you have more than one, and aren't sure which one to use, call the toll-free Business and Specialty Tax Line at 800-829-4933 or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability). Provide the EINs that you have, the name and address to which each number was assigned, and the address of your principal place of business. The IRS will tell you which EIN to use. For more information, see Pub. 1635.

When you receive your EIN. If you're a new employer that indicated a federal tax obligation when requesting an EIN, you will be pre-enrolled in EFTPS. You will receive information in your EIN Package about Express Enrollment and an additional mailing containing your EFTPS personal identification number (PIN) and instructions for activating your PIN. Call the toll-free number located in your "How To Activate Your EFTPS Enrollment" brochure to activate your enrollment and begin making your employment tax deposits. If you outsource any of your payroll and related tax duties to a third-party payer, such as a payroll service provider or reporting agent, be sure to tell them about your EFTPS enrollment.

Social security number (SSN). An employee's SSN consists of nine digits arranged as follows: 000-00-0000. You must obtain each employee's name and SSN as shown on the employee's social security card because you must enter them on Form W-2. Don't accept a social security card that says "Not valid for employment." A social security number issued with this legend doesn't permit employment. You may, but aren't required to, photocopy the social security card if the employee provides it. If you don't show the employee's correct name and SSN on Form W-2, you may owe a penalty unless you have reasonable cause. See Pub. 1586, Reasonable Cause Regulations & Requirements for Missing and Incorrect Name/TINs, for information on the requirement to solicit the employee's SSN.

Applying for a social security card. Any employee who is legally eligible to work in the United States and doesn't have a social security card can get one by completing Form SS-5 and submitting the necessary documentation to the SSA. You can get Form SS-5 at [SSA.gov/forms/ss-5.pdf](https://www.ssa.gov/forms/ss-5.pdf), SSA offices, or by calling 800-772-1213 or 800-325-0778 (TTY). The employee must complete and sign Form SS-5; it can't be filed by the employer. You may be asked to supply a letter to accompany Form SS-5 if the employee has exceeded his or her yearly or lifetime limit for the number of replacement cards allowed.

Applying for an SSN. If you file Form W-2 on paper and your employee has applied for an SSN but doesn't have one when you must file Form W-2, enter "Applied For" on the form. If you're filing electronically, enter all zeros (000-00-0000 if creating forms online or 000000000 if uploading a file) in the SSN field. When the employee receives the SSN, file Copy A of Form W-2c, Corrected Wage and Tax Statement, with the SSA to show the employee's SSN. Furnish Copies B, C, and 2 of Form W-2c to the employee. Up to 25 Forms W-2c per Form W-3c, Transmittal of Corrected Wage and Tax Statements, may be filed per session over the Internet, with no limit on the number of sessions. For more information, visit the SSA's Employer W-2 Filing Instructions & Information webpage at [SSA.gov/employer](https://www.ssa.gov/employer). Advise your employee to correct the SSN on his or her original Form W-2.

Correctly record the employee's name and SSN. Record the name and SSN of each employee as they are shown on the employee's social security card. If the employee's name isn't correct as shown on the card (for example, because of marriage or divorce), the employee should request an updated card from the SSA. Continue to report the employee's wages under the old name until the employee shows you an updated social security card with the corrected name.

If the SSA issues the employee an updated card after a name change, or a new card with a different SSN after a change in alien work status, file a Form W-2c to correct the name/SSN reported on the most recently filed Form W-2. It isn't necessary to correct other years if the previous name and SSN were used for years before the most recent Form W-2.

IRS individual taxpayer identification numbers (ITINs) for aliens. Don't accept an ITIN in place of an SSN for employee identification or for work. An ITIN is issued for use by resident and nonresident aliens who need identification for tax purposes, but who aren't eligible for U.S. employment. You can identify an ITIN because it's a nine-digit number, formatted like an SSN, that starts with the number "9" and has a range of numbers from "50–65," "70–88," "90–92," and "94–99" for the fourth and fifth digits (for example, 9NN-7N-NNNN). For more information about ITINs, see the Instructions for Form W-7 or go to [IRS.gov/ITIN](https://www.irs.gov/ITIN).



An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN. If the individual is currently eligible to work in the United States, instruct the individual to apply for an SSN and follow the instructions under [Applying for an SSN](#), earlier in this section. Don't use an ITIN in place of an SSN on Form W-2.

Verification of SSNs. Employers and authorized reporting agents can use the Social Security Number Verification Service (SSNVS) to instantly verify that an employee name matches an SSN for up to 10 employee names and SSNs (per screen) at a time, or submit an electronic file of up to 250,000 names and SSNs and usually receive results the next business day. Visit [SSA.gov/employer/ssnv.htm](https://ssa.gov/employer/ssnv.htm) for more information. A person may have a valid SSN but not be authorized to work in the United States. Employers may use E-Verify at e-verify.gov to confirm the employment eligibility of newly hired employees.

Registering for SSNVS. You must register online to use SSNVS. To register, visit the SSA's website at [SSA.gov/bsa](https://ssa.gov/bsa) and click on the *Register* link under *Business Services Online*. Follow the registration instructions to obtain a user identification (ID) and password. You will need to provide the following information about yourself and your company.

- Name.
- SSN.
- Date of birth.
- Type of employer.
- EIN.
- Company name, address, and telephone number.
- Email address.

When you have completed the online registration process, the SSA will mail a one-time activation code to you. You must enter the activation code online to use SSNVS. Your employees must receive authorization from you to use SSNVS. If your employees register, the one-time activation code will be mailed to you.

2. Who Are Employees?

Generally, employees are defined either under common law or under statutes for certain situations. See Pub. 15-A for details on statutory employees and nonemployees.

Employee status under common law. Generally, a worker who performs services for you is your employee if you have the right to control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed. See Pub. 15-A for more information on how to determine whether an individual providing services is an independent contractor or an employee.

If an employer-employee relationship exists, it doesn't matter what it is called. The employee may be called an agent or independent contractor. It also doesn't matter how payments are measured or paid, what they are called, or if the employee works full or part time.

You're responsible for withholding and paying employment taxes for your employees. You're also required to file employment tax returns. These requirements don't apply to amounts that you pay to independent contractors. The rules discussed in this publication apply only to workers who are your employees.

In general, you're an employer of farmworkers if your employees:

- Raise or harvest agricultural or horticultural products on your farm (including the raising and feeding of livestock);
- Work in connection with the operation, management, conservation, improvement, or maintenance of your farm and its tools and equipment, if the major part of such service is performed on a farm;
- Provide services relating to salvaging timber, or clearing land of brush and other debris, left by a hurricane (also known as hurricane labor) if the major part of such service is performed on a farm;
- Handle, process, or package any agricultural or horticultural commodity in its unmanufactured state, if you produced over half of the commodity (for a group of up to 20 unincorporated operators, all of the commodity); or
- Do work for you related to cotton ginning, turpentine, gum resin products, or the operation and maintenance of irrigation facilities.

For this purpose, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animals, and truck farms, as well as plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

Farmwork doesn't include reselling activities that don't involve any substantial activity of raising agricultural or horticultural commodities, such as a retail store or a

greenhouse used primarily for display or storage. It also doesn't include processing services that change a commodity from its raw or natural state, or services performed after a commodity has been changed from its raw or natural state.

The table in section 12, [How Do Employment Taxes Apply to Farmwork](#), distinguishes between farm and non-farm activities, and also addresses rules that apply in special situations.

Crew Leaders

If you're a crew leader, you're an employer of farmworkers. A crew leader is a person who furnishes and pays (either on his or her own behalf or on behalf of the farm operator) workers to do farmwork for the farm operator. If there is no written agreement between you and the farm operator stating that you're his or her employee and if you pay the workers (either for yourself or for the farm operator), then you're a crew leader. For FUTA tax rules, see [section 10](#).

If you're a crew leader, you're not considered the employee of the farm operator for services you perform in furnishing farmworkers and as a member of the crew.

Business Owned and Operated by Spouses

If you and your spouse jointly own and operate a farm or nonfarm business and share in the profits and losses, you may be partners in a partnership, whether or not you have a formal partnership agreement. See Pub. 541 for more details. The partnership is considered the employer of any employees and is liable for any employment taxes due on wages paid to its employees.

Exception—Qualified joint venture. For tax years beginning after 2006, the Small Business and Work Opportunity Tax Act of 2007 (Public Law 110-28) provides that a "qualified joint venture," whose only members are spouses filing a joint income tax return, can elect not to be treated as a partnership for federal tax purposes. A qualified joint venture conducts a trade or business where:

- The only members of the joint venture are spouses who file a joint income tax return,
- Both spouses materially participate (see *Material participation* in the instructions for Schedule C (Form 1040 or 1040-SR), line G) in the trade or business (mere joint ownership of property isn't enough),
- Both spouses elect to not be treated as a partnership, and
- The business is co-owned by both spouses and isn't held in the name of a state law entity such as a partnership or limited liability company (LLC).

To make the election, all items of income, gain, loss, deduction, and credit must be divided between the spouses, in accordance with each spouse's interest in the venture, and reported on a separate Schedule C (Form 1040

or 1040-SR) or Schedule F (Form 1040 or 1040-SR) as sole proprietors. Each spouse must also file a separate Schedule SE (Form 1040 or 1040-SR) to pay self-employment taxes, as applicable.

Spouses using the qualified joint venture rules are treated as sole proprietors for federal tax purposes and generally don't need an EIN. If employment taxes are owed by the qualified joint venture, either spouse may report and pay the employment taxes due on the wages paid to the employees using the EIN of that spouse's sole proprietorship. Generally, filing as a qualified joint venture won't increase the spouses' total tax owed on the joint income tax return. However, it gives each spouse credit for social security earnings on which retirement benefits are based and for Medicare coverage without filing a partnership return.

Note. If your spouse is your employee, not your partner, you must withhold and pay federal income, social security, and Medicare taxes for him or her. However, the wages aren't subject to FUTA tax.

For more information on qualified joint ventures, go to [IRS.gov/QJV](#).

Exception—Community income. If you and your spouse wholly own an unincorporated business as community property under the community property laws of a state, foreign country, or U.S. possession, you can treat the business either as a sole proprietorship (of the spouse who carried on the business) or a partnership. You may still make an election to be taxed as a qualified joint venture instead of a partnership. See [Exception—Qualified joint venture](#), earlier in this section.

3. Wages and Other Compensation

Cash wages that you pay to employees for farmwork are generally subject to social security tax and Medicare tax. You may also be required to withhold, deposit, and report Additional Medicare Tax. See [section 4](#) for more information. If the wages are subject to social security and Medicare taxes, they are also subject to federal income tax withholding. You're liable for the payment of these taxes to the federal government whether or not you collect them from your employees. If, for example, you withhold less than the correct tax from an employee's wages, you're still liable for the full amount. You may also be liable for FUTA tax, which isn't withheld by you or paid by the employee. FUTA tax is discussed in [section 10](#). Cash wages include checks, money orders, and any kind of money or cash.

For more information on what payments are considered taxable wages, see Pub. 15.

Noncash wages (including commodity wages). Non-cash wages include food, lodging, clothing, transportation passes, farm products, or other goods or commodities. Noncash wages paid to farmworkers, including commodity wages, aren't subject to social security taxes, Medicare taxes, or federal income tax withholding. However, you

and your employee can agree to have federal income tax withheld on noncash wages.

Noncash wages, including commodity wages, are treated as cash wages if the substance of the transaction is a cash payment. Noncash wages treated as cash wages are subject to social security taxes, Medicare taxes, and federal income tax withholding.

Report the value of noncash wages in box 1 of Form W-2 together with cash wages. Noncash wages for farmwork are subject to federal income tax unless a specific exclusion applies. Don't show noncash wages in box 3 or 5 of Form W-2 (unless the substance of the transaction is a cash payment and they are being treated as cash wages).

Other compensation. Pubs. 15-A and 15-B discuss other forms of compensation that may be taxable.

Family members. Generally, the wages that you pay to family members who are your employees are subject to social security and Medicare taxes, federal income tax withholding, and FUTA tax. However, certain exemptions may apply for your child, spouse, or parent. See the table, [How Do Employment Taxes Apply to Farmwork](#), in section 12.

Household employees. The wages of an employee who performs household services, such as a maid, babysitter, gardener, or cook, in your home aren't subject to social security and Medicare taxes if you pay that employee cash wages of less than \$2,200 in 2020.

Social security and Medicare taxes don't apply to cash wages for housework in your private home if it was done by your spouse or your child under age 21. Nor do the taxes apply to housework done by your parent unless:

- You have a child (including an adopted child or stepchild) living in your home who is under age 18 or has a physical or mental condition that requires care by an adult for at least 4 continuous weeks in the calendar quarter services were performed; and
- You're a widow or widower, or divorced and not remarried, or have a spouse in the home who, because of a physical or mental condition, can't care for your child for at least 4 continuous weeks in the calendar quarter services were performed.

For more information, see Pub. 926.



Wages for household work are generally not a deductible farm expense. See Nondeductible Pay in chapter 4 of Pub. 225 for more information.

Share farmers. You don't have to withhold or pay social security and Medicare taxes on amounts paid to share farmers under share-farming arrangements.

Compensation paid to H-2A visa holders. Report compensation of \$600 or more paid to foreign agricultural workers who entered the country on H-2A visas in box 1 of Form W-2 but don't report it as social security wages (box 3) or Medicare wages (box 5) on Form W-2 because compensation paid to H-2A workers for agricultural labor

performed in connection with this visa isn't subject to social security and Medicare taxes. On Form W-2, don't check box 13 (Statutory employee), as H-2A workers aren't statutory employees.

An employer isn't required to withhold federal income tax from compensation paid to an H-2A worker for agricultural labor performed in connection with this visa but may withhold if the worker asks for withholding and the employer agrees. In that case, the worker must give the employer a completed Form W-4. Federal income tax withheld should be reported in box 2 of Form W-2.

These reporting rules apply when the H-2A worker provides his or her TIN to the employer. If the H-2A worker doesn't provide a TIN and the total annual wages to the H-2A worker are at least \$600, the employer is required to backup withhold. See the Instructions for Form 1099-MISC and the Instructions for Form 945.

For more information on foreign agricultural workers on H-2A visas, go to [IRS.gov/H2A](https://www.irs.gov/H2A).

4. Social Security and Medicare Taxes

Generally, you must withhold social security and Medicare taxes on all cash wage payments that you make to your employees. You may also be required to withhold Additional Medicare Tax. For more information, see [Additional Medicare Tax withholding](#), later.

The \$150 Test or the \$2,500 Test

All cash wages that you pay to an employee during the year for farmwork are subject to social security and Medicare taxes and federal income tax withholding if either of the two tests below is met.

- You pay cash wages to an employee of \$150 or more in a year for farmwork (count all cash wages paid on a time, piecework, or other basis). The \$150 test applies separately to each farmworker that you employ. If you employ a family of workers, each member is treated separately. Don't count wages paid by other employers.
- The total that you pay for farmwork (cash and non-cash) to all your employees is \$2,500 or more during the year.

Exceptions. Annual cash wages of less than \$150 you pay to a **seasonal** farmworker aren't subject to social security and Medicare taxes, or federal income tax withholding, even if you pay \$2,500 or more to all your farmworkers. However, these wages count toward the \$2,500 test for determining whether other farmworkers' wages are subject to social security and Medicare taxes.

A seasonal farmworker is a worker who:

- Is employed in agriculture as a hand-harvest laborer,
- Is paid piece rates in an operation that is usually paid on a piece-rate basis in the region of employment,

- Commutes daily from his or her permanent home to the farm, and
- Had been employed in agriculture less than 13 weeks in the preceding calendar year.

Social Security and Medicare Tax Withholding

The social security tax rate is 6.2%, for both the employee and employer, on the first \$137,700 paid to each employee in 2020. You must withhold at this rate from each employee and pay a matching amount. The Medicare tax rate is 1.45% each for the employee and employer on all wages. You must withhold at this rate from each employee and pay a matching amount. There is no wage base limit for Medicare tax; all covered wages are subject to Medicare tax.

Social security and Medicare taxes apply to most payments of sick pay, including payments made by third parties such as insurance companies. For details, see section 6 of Pub. 15-A.

Additional Medicare Tax withholding. In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see the chart, *Special Rules for Various Types of Services and Payments*, in section 15 of Pub. 15. For more information on Additional Medicare Tax, go to [IRS.gov/ADMT](https://www.irs.gov/ADMT).

Employee share paid by employer. If you would rather pay a household or agricultural employee's share of the social security and Medicare taxes without withholding them from his or her wages, you may do so. If you don't withhold the taxes, however, you must still pay them on behalf of the employee. Any **employee** social security and Medicare taxes that you pay are additional income to the employee. Include it in box 1 of the employee's Form W-2, but don't count it as social security and Medicare wages and don't include it in boxes 3 and 5. Also, don't count the additional income as wages for FUTA tax purposes. Different rules apply to employer payments of social security and Medicare taxes for non-household and non-agricultural employees. See section 7 of Pub. 15-A.

Example. Gavrielle operates a small family fruit farm. She employs day laborers in the picking season to enable her to timely get her crop to market. She doesn't deduct the employees' share of social security and Medicare taxes from their pay; instead, she pays it on their behalf.

When she prepares her employees' Forms W-2, she adds each employee's share of social security and Medicare taxes that she paid to the employee's wage income (box 1 of Form W-2), but doesn't include it in box 3 (social security wages) or box 5 (Medicare wages and tips).

For 2019, Gavrielle paid Dan \$1,000 during the year. She enters \$1,076.50 in box 1 of Dan's Form W-2 (\$1,000 wages plus \$76.50 social security and Medicare taxes paid for Dan). She enters \$1,000.00 in boxes 3 and 5 of Dan's Form W-2.

Withholding social security and Medicare taxes on nonresident alien employees. In general, if you pay wages to nonresident alien employees, you must withhold social security and Medicare taxes as you would for a U.S. citizen or resident alien. However, see Pub. 515 for exceptions to this general rule. One such exception is for foreign agricultural workers on H-2A visas, who are exempt from social security and Medicare taxes. See [Compensation paid to H-2A visa holders](#) in section 3.

Religious exemption. An exemption from social security and Medicare taxes is available to members of a recognized religious sect opposed to public insurance. This exemption is available only if both the employee and the employer are members of the sect. For more information, see Pub. 517.

5. Federal Income Tax Withholding

Farm operators and crew leaders must withhold federal income tax from the wages of farmworkers if the wages are subject to social security and Medicare taxes. The amount to withhold is figured on gross wages before taking out social security and Medicare taxes, union dues, etc. You may use one of several methods to determine the amount of federal income tax withholding. They are discussed in Pub. 15-T.

TIP The IRS has redesigned Form W-4 for 2020. Employees who have submitted Form W-4 in any year before 2020 aren't required to submit a new form merely because of the redesign. See [Redesigned Form W-4 for 2020](#), earlier, under What's New. Employer instructions on how to figure employee withholding are provided in Pub. 15-T. You may also use the *Income Tax Withholding Assistant for Employers* at [IRS.gov/ITWA](https://www.irs.gov/ITWA) to help you figure federal income tax withholding.

Using Form W-4 to figure withholding. To know how much federal income tax to withhold from employees' wages, you should have a Form W-4 on file for each employee. Encourage your employees to file an updated Form W-4 for 2020, especially if they owed taxes or received a large refund when filing their 2019 tax return. Advise your employees to use the Tax Withholding Estimator available at [IRS.gov/W4App](https://www.irs.gov/W4App) to determine accurate withholding.

Ask all new employees to give you a signed Form W-4 when they start work. Make the form effective with the first wage payment. If a new employee doesn't give you a completed Form W-4, then how you will treat the employee depends on when you first paid your employee wages. A new employee who is first paid wages in 2020, including an employee who previously worked for you and was rehired in 2020, and who fails to furnish a Form W-4 will be treated as if they had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2020 Form W-4. However, an employee who was paid wages in 2019 and who failed to furnish a Form W-4 should continue to be treated as single and claiming zero allowances on a 2019 Form W-4.

Forms in Spanish. You can provide Formulario W-4(SP) in place of Form W-4 to your Spanish-speaking employees. For more information, see Pub. 17(SP). The rules discussed in this section that apply to Form W-4 also apply to Formulario W-4(SP).

Electronic system to receive Form W-4. You may establish a system to electronically receive Forms W-4 from your employees. See Regulations section 31.3402(f)(5)-1(c) for more information.

Effective date of Form W-4. A Form W-4 for 2019 or earlier years remains in effect for 2020 until the employee gives you a 2020 Form W-4. When you receive a new Form W-4 from an employee, don't adjust withholding for pay periods before the effective date of the new form. If an employee gives you a replacement Form W-4, begin withholding no later than the start of the first payroll period ending on or after the 30th day from the date when you received the replacement Form W-4. For exceptions, see [Exemption from federal income tax withholding](#), [IRS review of requested Forms W-4](#), and [Invalid Forms W-4](#), later in this section.



A Form W-4 that makes a change for the next calendar year won't take effect in the current calendar year.

Completing Form W-4. The amount of any federal income tax withholding must be based on filing status, income (including income from other jobs), deductions, and credits. Your employees may not base their withholding amounts on a fixed dollar amount or percentage. However, an employee may specify a dollar amount to be withheld each pay period in addition to the amount of withholding based on filing status and other information reported on Form W-4.

Employees that are married filing jointly and have spouses that also currently work, or employees that hold more than one job at the same time, should account for their higher tax rate by completing Step 2 of their 2020 Form W-4. Employees also have the option to report on their 2020 Form W-4 other income they will receive that isn't subject to withholding and other deductions they will claim in order to increase the accuracy of their federal income tax withholding.

See Pub. 505 for more information about completing Form W-4. Along with Form W-4, you may wish to order Pub. 505 for use by your employees.

Don't accept any withholding or estimated tax payments from your employees in addition to withholding based on their Form W-4. If an employee wants additional withholding, he or she should submit a new Form W-4 and, if necessary, pay estimated tax by filing Form 1040-ES or by using EFTPS to make estimated tax payments.

Exemption from federal income tax withholding. Generally, an employee may claim exemption from federal income tax withholding because he or she had no federal income tax liability last year and expects none this year. See the Form W-4 instructions for more information. However, the wages are still subject to social security and Medicare taxes. See also [Invalid Forms W-4](#), later in this section.

A Form W-4 claiming exemption from withholding is effective when it is given to the employer and only for that calendar year. To continue to be exempt from withholding, an employee must give you a new Form W-4 by February 15. If the employee doesn't give you a new Form W-4 by February 15, begin withholding as if he or she had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2020 Form W-4. If the employee provides a new Form W-4 claiming exemption from withholding on February 16 or later, you may apply it to future wages but don't refund any taxes withheld while the exempt status wasn't in place.

Withholding income taxes on the wages of nonresident alien employees. In general, you must withhold federal income taxes on the wages of nonresident alien employees. However, see Pub. 515 for exceptions to this general rule. Also see [Compensation paid to H-2A visa workers](#) in section 3.

Withholding adjustment for nonresident alien employees. You must add an amount to the wages of nonresident alien employees performing services within the United States in order to figure the amount of federal income tax to withhold from their wages. The amount is added to their wages solely for calculating federal income tax withholding. The amount isn't included in any box on the employee's Form W-2 and doesn't increase the income tax liability of the employee. The amount also doesn't increase the social security tax or Medicare tax liability of the employer or the employee, or the FUTA tax liability of the employer. See *Withholding Adjustment for Nonresident Alien Employees* in section 1 of Pub. 15-T for the amount to add to their wages for the payroll period.

Supplemental wage payment. This procedure for determining the amount of federal income tax withholding for nonresident alien employees doesn't apply to a supplemental wage payment (see [Supplemental wages](#), later in this section) if the 37% mandatory flat rate withholding applies or if the 22% optional flat rate withholding is being

used to figure income tax withholding on the supplemental wage payment.

Nonresident alien employee's Form W-4. When completing Forms W-4, nonresident aliens are required to:

- Not claim exemption from income tax withholding;
- Request withholding as if they are single, regardless of their actual filing status;
- Not claim the child tax credit or credit for other dependents in Step 3 of Form W-4 (if the nonresident alien is a resident of Canada, Mexico, or South Korea, or a student from India, or a business apprentice from India, he or she may claim, under certain circumstances (see Notice 1392), the child tax credit or credit for other dependents); and
- Write "Nonresident Alien" or "NRA" in the space below Step 4(c) of Form W-4.

If you maintain an electronic Form W-4 system, you should provide a field for nonresident alien employees to enter nonresident alien status instead of writing "Nonresident Alien" or "NRA" in the space below Step 4(c) of Form W-4. You should instruct nonresident aliens to see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing Form W-4.

Form 8233. If a nonresident alien employee claims a tax treaty exemption from withholding, the employee must submit Form 8233 with respect to the income exempt under the treaty, instead of Form W-4. For more information, see *Pay for Personal Services Performed* in the *Withholding on Specific Income* section of Pub. 515 and the Instructions for Form 8233.

IRS review of requested Forms W-4. When requested by the IRS, you must make original Forms W-4 available for inspection by an IRS employee. You may also be directed to send certain Forms W-4 to the IRS. You may receive a notice from the IRS requiring you to submit a copy of Form W-4 for one or more of your named employees. Send the requested copy or copies of Form W-4 to the IRS at the address provided and in the manner directed by the notice. The IRS may also require you to submit copies of Form W-4 to the IRS as directed by a revenue procedure or notice published in the Internal Revenue Bulletin. When we refer to Form W-4, the same rules apply to Formulario W-4(SP), its Spanish translation.

After submitting a copy of the requested Form W-4 to the IRS, continue to withhold federal income tax based on that Form W-4 if it is valid (see [Invalid Forms W-4](#), later in this section). However, if the IRS later notifies you in writing that the employee isn't entitled to claim exemption from withholding or a claimed amount of deductions or credits, withhold federal income tax based on the effective date, employee's permitted filing status, and withholding instructions specified in the IRS notice (commonly referred to as a "lock-in letter").

Initial lock-in letter. The IRS uses information reported on Form W-2 to identify employees with withholding compliance problems. In some cases, if a serious underwithholding problem is found to exist for a particular

employee, the IRS may issue a lock-in letter to the employer specifying the employee's permitted filing status and providing withholding instructions for the specific employee. You'll also receive a copy for the employee that identifies the permitted filing status and provides a description of the withholding instructions you're required to follow and the process by which the employee can provide additional information to the IRS for purposes of determining the appropriate withholding and/or modifying the specified filing status. You must furnish the employee copy to the employee within 10 business days of receipt if the employee is employed by you as of the date of the notice. You may follow any reasonable business practice to furnish the employee copy to the employee. Begin withholding based on the notice on the date specified in the notice.

Implementation of lock-in letter. When you receive the notice specifying the permitted filing status and providing withholding instructions, you may not withhold immediately on the basis of the notice. You must begin withholding tax on the basis of the notice for any wages paid after the date specified in the notice. The delay between your receipt of the notice and the date to begin the withholding on the basis of the notice permits the employee time to contact the IRS.

Seasonal employees and employees not currently performing services. If you receive a notice for an employee who isn't currently performing services for you, you're still required to furnish the employee copy to the employee and withhold based on the notice if any of the following apply.

- You're paying wages for the employee's prior services and the wages are subject to income tax withholding on or after the date specified in the notice.
- You reasonably expect the employee to resume services within 12 months of the date of the notice.
- The employee is on a leave of absence that doesn't exceed 12 months or the employee has a right to re-employment after the leave of absence.

Termination and rehire of employees. If you're required to furnish and withhold based on the notice and the employment relationship is terminated after the date of the notice, you must continue to withhold based on the notice if you continue to pay any wages subject to income tax withholding. You must also withhold based on the notice or modification notice (explained next) if the employee resumes the employment relationship with you within 12 months after the termination of the employment relationship.

Modification notice. After issuing the notice specifying the permitted filing status and providing withholding instructions, the IRS may issue a subsequent notice (modification notice) that modifies the original notice. The modification notice may change the permitted filing status and withholding instructions. You must withhold federal income tax based on the effective date specified in the modification notice.

New Form W-4 after IRS notice. After the IRS issues a notice or modification notice, if the employee provides you with a new Form W-4 claiming complete exemption from withholding or a completed Form W-4 that results in less withholding than would result under the IRS notice or modification notice, disregard the new Form W-4. You must withhold based on the notice or modification notice unless the IRS notifies you to withhold based on the new Form W-4. If the employee wants to put a new Form W-4 into effect that results in less withholding than required, the employee must contact the IRS.

If, after you receive an IRS notice or modification notice, your employee gives you a new completed Form W-4 that results in more withholding than would result under the notice or modification notice, you must withhold tax based on the new Form W-4. Otherwise, disregard any subsequent Forms W-4 provided by the employee and withhold based on the IRS notice or modification notice.



If, in a year before 2020, you received a lock-in letter for an employee, then for 2020 you should continue to follow the instructions in the lock-in letter. You will use the withholding methods described in Pub. 15-T for an employee with a Form W-4 from 2019 or earlier. You should continue following the instructions in the pre-2020 lock-in letter until you receive a letter releasing your employee from the lock-in procedures, you receive a modification notice, or your employee gives you a new Form W-4 that results in more withholding than would result under the notice.

For additional information about employer withholding compliance, see [IRS.gov/WHC](https://www.irs.gov/WHC).

Substitute Forms W-4. You're encouraged to have your employees use the official version of Form W-4. You may use a substitute version of Form W-4 to meet your business needs. However, your substitute Form W-4 must contain language that is identical to the official Form W-4 and your form must meet all current IRS rules for substitute forms. At the time that you provide your substitute form to the employee, you must provide him or her with all tables, instructions, and worksheets from the current Form W-4.

You can't accept a substitute Form W-4 developed by an employee, and the employee submitting such form will be treated as failing to furnish a Form W-4. However, continue to use any valid Forms W-4 developed by your employees that you accepted before October 11, 2007.

Invalid Forms W-4. Any unauthorized change or addition to Form W-4 makes it invalid. This includes taking out any language by which the employee certifies that the form is correct. A Form W-4 is also invalid if, by the date an employee gives it to you, he or she clearly indicates that it is false. An employee who submits a false Form W-4 may be subject to a \$500 penalty. You may treat a Form W-4 as invalid if the employee wrote "exempt" below Step 4(c) and checked the box in Step 2(c) or entered numbers for Steps 3 and 4.

When you get an invalid Form W-4, don't use it to figure federal income tax withholding. Tell the employee it is invalid and ask for another one. If the employee doesn't give

you a valid one, then how you will treat the employee depends on when you first paid wages to the employee. An employee who was paid wages in 2019 should be treated as single and claiming zero allowances on a 2019 Form W-4. However, if you have an earlier Form W-4 for this employee that is valid, withhold as you did before. An employee who is first paid wages in 2020, including an employee who previously worked for you and was rehired in 2020, should be treated as if the employee had checked the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3, or Step 4 of the 2020 Form W-4.

Amounts exempt from levy on wages, salary, and other income. If you receive a Notice of Levy on Wages, Salary, and Other Income—Forms 668-W(ACS), 668-W(c)(DO), or 668-W(ICS), you must withhold amounts as described in the instructions for these forms. Pub. 1494 has tables to figure the amount exempt from levy. If a levy issued in a prior year is still in effect and the taxpayer submits a new Statement of Exemptions and Filing Status, use the current year Pub. 1494 to figure the exempt amount.

How To Figure Federal Income Tax Withholding

There are several ways to figure federal income tax withholding; see Pub. 15-T for more information. If an employee wants additional federal income tax withheld, have the employee show the extra amount on Form W-4.

Supplemental wages. Supplemental wages are wage payments to an employee that aren't regular wages. They include, but aren't limited to, bonuses, commissions, overtime pay, payments for accumulated sick leave, severance pay, awards, prizes, back pay, retroactive pay increases for current employees, and payments for nondeductible moving expenses. However, employers have the option to treat overtime pay as regular wages instead of supplemental wages. Other payments subject to the supplemental wage rules include taxable fringe benefits and expense allowances paid under a nonaccountable plan. How you withhold on supplemental wages depends on whether the supplemental payment is identified as a separate payment from regular wages. See Regulations section 31.3402(g)-1 for additional guidance. Also see Revenue Ruling 2008-29, 2008-24 I.R.B. 1149, available at [IRS.gov/irb/2008-24_IRB#RR-2008-29](https://www.irs.gov/irb/2008-24_IRB#RR-2008-29).

If you pay supplemental wages with regular wages but don't specify the amount of each, withhold federal income tax as if the total was a single payment for a regular pay-roll period.

If you pay supplemental wages separately (or combine them in a single payment and specify the amount of each), the federal income tax withholding method depends partly on whether you withhold federal income tax from your employee's regular wages.

1. If you withheld federal income tax from an employee's regular wages in the current or immediately preceding

calendar year, you can use one of the following methods for the supplemental wages.

- a. Withhold a flat 22% (no other percentage allowed).
 - b. If the supplemental wages are paid concurrently with regular wages, add the supplemental wages to the concurrently paid regular wages and withhold federal income tax as if the total were a single payment for a regular payroll period. If there are no concurrently paid regular wages, add the supplemental wages to, alternatively, either the regular wages paid or to be paid for the current payroll period or the regular wages paid for the preceding payroll period. Figure the income tax withholding as if the total of the regular wages and supplemental wages is a single payment. Subtract the tax already withheld or to be withheld from the regular wages. Withhold the remaining tax from the supplemental wages. If there were other payments of supplemental wages paid during the payroll period made before the current payment of supplemental wages, aggregate all the payments of supplemental wages paid during the payroll period with the regular wages paid during the payroll period, figure the tax on the total, subtract the tax already withheld from the regular wages and previous supplemental wage payments, and withhold the remaining tax from the current payment of supplemental wages.
2. If you didn't withhold federal income tax from the employee's regular wages in the current or immediately preceding calendar year, use method 1b.



Separate rules apply to any supplemental wages exceeding \$1 million that you pay to an individual during the year. See section 7 in Pub. 15 for details.

Regardless of the method that you use to withhold federal income tax on supplemental wages, they are generally subject to social security, Medicare, and FUTA taxes.

6. Required Notice to Employees About Earned Income Credit (EIC)

You must notify employees who have no federal income tax withheld that they may be able to claim a tax refund because of the EIC. Although you don't have to notify employees who claim exemption from withholding on Form W-4 about the EIC, you're encouraged to notify any employees whose wages for 2019 were less than \$50,162 (\$55,952 if married filing jointly) that they may be eligible to claim the credit for 2019. This is because eligible employees may get a refund of the amount of the EIC that is more than the tax that they owe.

You will meet the notification requirement if you issue to the employee Form W-2 with the EIC notice on the back of Copy B, or a substitute Form W-2 with the same statement. You may also meet the requirement by providing Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording.

If a substitute Form W-2 is given to the employee on time but doesn't have the required statement, you must notify the employee within 1 week of the date that the substitute Form W-2 is given. If Form W-2 is required but isn't given on time, you must give the employee Notice 797 or your written statement by the date that Form W-2 is required to be given. If Form W-2 isn't required, you must notify the employee by February 7, 2020.

7. Depositing Taxes

Generally, you must deposit both the employer and employee share of social security and Medicare taxes and federal income tax withheld. You must use EFT to make all federal tax deposits. See [How To Deposit](#), later in this section, for information on electronic deposit requirements.



The credit against employment taxes for COBRA premium assistance payments is treated as a deposit of taxes on the first day of your return period. For more information, see [COBRA premium assistance credit](#) under Introduction, earlier.

Payment with return. You may make payments with Form 943 or 945 instead of depositing if one of the following applies.

- You report less than a \$2,500 tax liability for the year (Form 943, line 13; Form 945, line 3) and you pay in full with a return that is filed on time. However, if you're unsure that you will report less than \$2,500, deposit under the rules explained in this section so that you won't be subject to a failure-to-deposit (FTD) penalty.
- You're a monthly schedule depositor, defined later, and make a payment in accordance with the [Accuracy of Deposits Rule](#) discussed later in this section. This payment may be \$2,500 or more.



Only monthly schedule depositors are allowed to make an Accuracy of Deposits Rule payment with the return. Semiweekly schedule depositors must timely deposit the amount by the shortfall makeup date. See [Accuracy of Deposits Rule](#) and [How To Deposit](#), later in this section.

When To Deposit



If you employ both farm and nonfarm workers, don't combine the taxes reportable on Forms 941 or 944 with Form 943 to decide whether to make a deposit. See [Employers of Both Farm and Nonfarm Workers](#), later in this section.

The rules for determining when to deposit Form 943 taxes are discussed next. See [section 10](#) for the separate rules that apply to FUTA tax. Under these rules, you're classified as either a monthly schedule depositor or a semi-weekly schedule depositor.

The terms "monthly schedule depositor" and "semi-weekly schedule depositor" don't refer to how often your business pays its employees or how often you're required to make deposits. The terms identify which set of rules you must follow when you incur a tax liability (for example, when you have a payday).

The deposit schedule that you must use for a calendar year is determined from the total tax liability reported on your Form 943, line 13, for the lookback period, discussed next.

- If you reported \$50,000 or less of Form 943 taxes for the lookback period, you're a monthly schedule depositor.
- If you reported more than \$50,000 of Form 943 taxes for the lookback period, you're a semiweekly schedule depositor.

Lookback period. The lookback period is the second calendar year preceding the current calendar year. For example, the lookback period for 2020 is 2018.

Example of deposit schedule based on lookback period. Rose Co. reported taxes on Form 943 as follows.

2018—\$48,000

2019—\$60,000

Rose Co. is a monthly schedule depositor for 2020 because its taxes for the lookback period (\$48,000 for calendar year 2018) weren't more than \$50,000. However, for 2021, Rose Co. is a semiweekly schedule depositor because the total taxes before adjustment for its lookback period (\$60,000 for calendar year 2019) exceeded \$50,000.

Adjustments to lookback period taxes. To determine your taxes for the lookback period, use only the tax that you reported on the original return (Form 943, line 13). Don't include adjustments shown on Form 943-X.

Example of adjustments. An employer originally reported total tax of \$45,000 for the lookback period in 2018. The employer discovered during March 2020 that the tax reported for the lookback period was understated by \$10,000 and corrected this error by filing Form 943-X. The total tax reported in the lookback period is still \$45,000. The \$10,000 adjustment is also not treated as part of the 2020 taxes.

Deposit period. The term "deposit period" refers to the period during which tax liabilities are accumulated for each required deposit due date. For monthly schedule depositors, the deposit period is a calendar month. The deposit periods for semiweekly schedule depositors are Wednesday through Friday and Saturday through Tuesday.



If you're an agent with an approved Form 2678, the deposit rules apply to you based on the total employment taxes accumulated by you for your own employees and on behalf of all employers for whom you're authorized to act. For more information on an agent with an approved Form 2678, see Revenue Procedure 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39).

Monthly Deposit Schedule

If the tax liability reported on Form 943, line 13, for the lookback period is \$50,000 or less, you're a monthly schedule depositor for the current year. You must deposit Form 943 taxes on payments made during a calendar month by the 15th day of the following month.

Monthly schedule example. Spruce Co. is a monthly schedule depositor with seasonal employees. It paid wages each Friday during May but didn't pay any wages during June. Under the monthly deposit schedule, Spruce Co. must deposit the combined tax liabilities for the May paydays by June 15. Spruce Co. doesn't have a deposit requirement for June (due by July 15) because no wages were paid and, therefore, it didn't have a tax liability for June.

New employers. For agricultural employers, your tax liability for any year in the lookback period before the date you started or acquired your business is considered to be zero. Therefore, you're a monthly schedule depositor for the first and second calendar years of your agricultural business (but see the [\\$100,000 Next-Day Deposit Rule](#), later in this section).

Semiweekly Deposit Schedule

You're a semiweekly schedule depositor for a calendar year if the tax liability on Form 943, line 13, during your lookback period was more than \$50,000. Under the semiweekly deposit schedule, deposit Form 943 taxes for payments made on Wednesday, Thursday, and/or Friday by the following Wednesday. Deposit amounts accumulated for payments made on Saturday, Sunday, Monday, and/or Tuesday by the following Friday.

Semiweekly depositors aren't required to deposit twice a week if their payments were in the same semiweekly period unless the [\\$100,000 Next-Day Deposit Rule](#) (discussed later in this section) applies. For example, if you made a payment on both Wednesday and Friday and incurred taxes of \$10,000 for each pay date, deposit the \$20,000 by the following Wednesday. If you made no additional payments on Saturday through Tuesday, no deposit is due on Friday.



Semiweekly schedule depositors must complete Form 943-A, Agricultural Employer's Record of Federal Tax Liability, and submit it with Form 943.

Semiweekly Deposit Schedule

IF the payday falls on a...	THEN deposit taxes by the following...
Wednesday, Thursday, and/or Friday	Wednesday.
Saturday, Sunday, Monday, and/or Tuesday	Friday.

Semiweekly schedule example. Green, Inc., is a semiweekly schedule depositor and pays wages once each month on the last Friday of the month. Green, Inc., will deposit only once a month, but the deposit will be made under the semiweekly deposit schedule as follows. Green, Inc.'s tax liability for the April 24, 2020 (Friday), wage payment must be deposited by April 29, 2020 (Wednesday).

Semiweekly deposit period spanning two return periods. The period covered by a return is the return period. The return period for Form 943 is a calendar year. If you have more than one pay date during a semiweekly period and the pay dates fall in different return periods, you will need to make separate deposits for the separate liabilities. For example, if you have a pay date on Wednesday, December 30, 2020, and another pay date on Friday, January 1, 2021, two separate deposits will be required even though the pay dates fall within the same semiweekly period. Both deposits will be due Wednesday, January 6, 2021 (3 business days from the end of the semiweekly deposit period).

Deposits Due on Business Days Only

If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. For example, if a deposit is required to be made on Friday and Friday is a legal holiday, the deposit is considered timely if it is made by the following Monday (if Monday is a business day).

Semiweekly schedule depositors will always have 3 business days following the close of the semiweekly period to make a deposit. That is, if any of the 3 weekdays after the end of a semiweekly period is a legal holiday, you will have an additional day for each day that is a legal holiday to make the deposit. For example, if a semiweekly schedule depositor accumulated taxes on Friday and the following Monday is a legal holiday, the deposit normally due on Wednesday may be made on Thursday (this allows 3 business days to make the deposit).

Legal holiday. The term "legal holiday" means any legal holiday in the District of Columbia. For purposes of the deposit rules, the term "legal holiday" doesn't include other statewide legal holidays. Legal holidays for 2020 are listed below.

- January 1—New Year's Day
- January 20—Birthday of Martin Luther King, Jr.

- February 17—Washington's Birthday
- April 16—District of Columbia Emancipation Day
- May 25—Memorial Day
- July 3—Independence Day (observed)
- September 7—Labor Day
- October 12—Columbus Day
- November 11—Veterans Day
- November 26—Thanksgiving Day
- December 25—Christmas Day

\$100,000 Next-Day Deposit Rule

If you accumulate \$100,000 or more of Form 943 taxes (that is, taxes reported on Form 943, line 13) on any day during a deposit period, you must deposit the tax by the close of the next business day, whether you're a monthly or a semiweekly schedule depositor.

For purposes of the \$100,000 rule, don't continue accumulating a tax liability after the end of a deposit period. For example, if a semiweekly schedule depositor has accumulated a liability of \$95,000 on a Tuesday (of a Saturday-through-Tuesday deposit period) and accumulated a \$10,000 liability on Wednesday, the \$100,000 next-day deposit rule doesn't apply because the \$10,000 is accumulated in the next deposit period. Thus, \$95,000 must be deposited by Friday and \$10,000 must be deposited by the following Wednesday.

However, once you accumulate at least \$100,000 in a deposit period, stop accumulating at the end of that day and begin to accumulate anew on the next day. For example, Fir Co. is a semiweekly schedule depositor. On Monday, Fir Co. accumulates taxes of \$110,000 and must deposit this amount on Tuesday, the next business day. On Tuesday, Fir Co. accumulates additional taxes of \$30,000. Because the \$30,000 isn't added to the previous \$110,000 and is less than \$100,000, Fir Co. doesn't have to deposit the \$30,000 until Friday (following the semiweekly deposit schedule).



If you're a monthly schedule depositor and you accumulate a \$100,000 tax liability on any day of a calendar month, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year.

Example of the \$100,000 next-day deposit rule. Elm, Inc., started its business on May 4, 2020. Because Elm, Inc., is a new employer, the taxes for its lookback period are considered to be zero; therefore, Elm, Inc., is a monthly schedule depositor. On May 6 (Wednesday), Elm, Inc., paid wages for the first time and accumulated taxes of \$50,000. On May 8 (Friday), Elm, Inc., paid wages and accumulated taxes of \$60,000, for a total of \$110,000. Because Elm, Inc., accumulated \$110,000 on May 8, it must deposit \$110,000 by May 11 (Monday), the next business day. Elm, Inc., became a semiweekly

schedule depositor on May 9. It will be a semiweekly schedule depositor for the remainder of 2020 and for 2021.

Accuracy of Deposits Rule

You're required to deposit 100% of your tax liability on or before the deposit due date. However, penalties won't be applied for depositing less than 100% if both of the following conditions are met.

1. Any deposit shortfall doesn't exceed the greater of \$100 or 2% of the amount of taxes otherwise required to be deposited.
2. The deposit shortfall is paid or deposited by the shortfall makeup date as described next.

Makeup Date for Deposit Shortfall:

- **Monthly Schedule Depositor**—Deposit the shortfall or pay it with your return by the due date of your Form 943. You may pay the shortfall with your Form 943 even if the amount is \$2,500 or more.
- **Semiweekly Schedule Depositor**—Deposit by the earlier of (a) the first Wednesday or Friday (whichever comes first) that falls on or after the 15th day of the month following the month in which the shortfall occurred, or (b) the due date for Form 943. For example, if a semiweekly schedule depositor has a deposit shortfall during June 2020, the shortfall makeup date is July 15, 2020 (Wednesday). However, if the shortfall occurred on the required January 2, 2020 (Thursday; due to the holiday), deposit due date for a December 27, 2019 (Friday), pay date, the Form 943 due date (January 31, 2020) for the return period would come before the February 19, 2020 (Wednesday), shortfall makeup date. In this case, the shortfall must be deposited by January 31, 2020.

How To Deposit

You must deposit employment taxes by EFT. See [Payment with return](#), earlier in this section, for exceptions explaining when taxes may be paid with the tax return instead of being deposited.

Electronic deposit requirement. You must use EFT to make all federal tax deposits. Generally, an EFT is made using EFTPS. If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf.

EFTPS is a free service provided by the Department of the Treasury. To get more information or to enroll in EFTPS, visit [EFTPS.gov](https://eftps.gov), or call 800-555-4477 or 800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.

New employers that have a federal tax obligation will be pre-enrolled in EFTPS. Call the toll-free number located in your EIN Package to activate your enrollment and

begin making your tax deposit payments. See [When you receive your EIN](#) in section 1 for more information.

Deposit record. For your records, an EFT Trace Number will be provided with each successful payment. The number can be used as a receipt or to trace the payment.

Depositing on time. For deposits made by EFTPS to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date a deposit is due. If you use a third party to make a deposit on your behalf, they may have different cutoff times.

Same-day wire payment option. If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Collection Service (FTCS) to make a same-day wire payment. To use the same-day wire payment method, you will need to make arrangements with your financial institution ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you will need to give your financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://irs.gov/SameDayWire).

Deposit Penalties

Penalties may apply if you don't make required deposits on time or if you make deposits for less than the required amount. The penalties don't apply if any failure to make a proper and timely deposit was due to reasonable cause and not to willful neglect. If you receive a penalty notice, you can provide an explanation of why you believe reasonable cause exists.

If you timely filed your employment tax return, the IRS may waive deposit penalties if you inadvertently failed to deposit and it was the first quarter that you were required to deposit any employment tax, or if you inadvertently failed to deposit the first time after your deposit frequency changed. You must also meet the net worth and size limitations applicable to awards of administrative and litigation costs under section 7430; for individuals, this means that your net worth can't exceed \$2 million, and for businesses, your net worth can't exceed \$7 million and you also can't have more than 500 employees.

The IRS may also waive the deposit penalty the first time you're required to make a deposit if you inadvertently send the payment to the IRS rather than deposit it by EFT.

For amounts not properly deposited or not deposited on time, the penalty rates are shown next.

Penalty	Charged for...
2%	Deposits made 1 to 5 days late.
5%	Deposits made 6 to 15 days late.
10%	Deposits made 16 or more days late, but before 10 days from the date of the first notice the IRS sent asking for the tax due.
10%	Amounts that should have been deposited, but instead were paid directly to the IRS or paid with your tax return. See Payment with return , earlier in this section, for exceptions.
15%	Amounts still unpaid more than 10 days after the date of the first notice that the IRS sent asking for the tax due or the day on which you received notice and demand for immediate payment, whichever is earlier.

Late deposit penalty amounts are determined using calendar days, starting from the due date of the liability.

Order in which deposits are applied. Deposits are generally applied to the most recent tax liability within the year. If you receive an FTD penalty notice, you may designate how your deposits are to be applied in order to minimize the amount of the penalty if you do so within 90 days of the date of the notice. Follow the instructions on the penalty notice that you received. For examples on how the IRS will apply deposits and more information on designating deposits, see Revenue Procedure 2001-58. You can find Revenue Procedure 2001-58 on page 579 of Internal Revenue Bulletin 2001-50 at [IRS.gov/pub/irs-irbs/irb01-50.pdf](https://www.irs.gov/pub/irs-irbs/irb01-50.pdf).

Example. Cedar, Inc., is required to make a deposit of \$1,000 on May 15 and \$1,500 on June 15. It doesn't make the deposit on May 15. On June 15, Cedar, Inc., deposits \$2,000. Under the deposits rule, which applies deposits to the most recent tax liability, \$1,500 of the deposit is applied to the June 15 deposit and the remaining \$500 is applied to the May deposit. Accordingly, \$500 of the May 15 liability remains undeposited. The penalty on this underdeposit will apply as explained earlier.

Trust fund recovery penalty. If federal income, social security, or Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid to the U.S. Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. If these unpaid taxes can't be immediately collected from the employer or business, the trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so.

A **responsible person** can be an officer or employee of a corporation, a partner or employee of a partnership, an accountant, a volunteer director/trustee, or an employee of a sole proprietorship. A responsible person may also include one who signs checks for the business or otherwise has authority to cause the spending of business funds.

Willfully means voluntarily, consciously, and intentionally. A responsible person acts willfully if the person knows that the required actions of collecting, accounting

for, or paying over trust fund taxes aren't taking place, or recklessly disregards obvious and known risks to the government's right to receive trust fund taxes.

"Averaged" FTD penalty. The IRS may assess an "averaged" FTD penalty of 2% to 10% if you're a monthly schedule depositor and didn't properly complete Form 943, line 17, when your tax liability shown on Form 943, line 13, was \$2,500 or more. The IRS may also assess this penalty of 2% to 10% if you're a semiweekly schedule depositor and your tax liability shown on Form 943, line 13, was \$2,500 or more and you did any of the following.

- Completed Form 943, line 17, instead of Form 943-A.
- Failed to attach a properly completed Form 943-A.
- Completed Form 943-A incorrectly, for example, by entering tax deposits instead of tax liabilities in the numbered spaces.

The IRS figures the penalty by allocating your tax liability on Form 943, line 13, equally throughout the tax period. Then we apply your deposits and payments to the averaged liabilities in the date order we received your deposits. We figure the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts. Your deposits and payments may not be counted as timely because we don't know the actual dates of your tax liabilities.

You can avoid the penalty by reviewing your return before filing it. Follow these steps before filing your Form 943.

- If you're a monthly schedule depositor, report your tax liabilities (not your deposits) in the monthly entry spaces on Form 943, line 17.
- If you're a semiweekly schedule depositor, report your tax liabilities (not your deposits) on Form 943-A in the lines that represent the dates you paid your employees.
- Verify that your total liability shown on Form 943, line 17, or Form 943-A, line M, equals your tax liability shown on Form 943, line 13.
- Don't show negative amounts on Form 943, line 17, or Form 943-A.
- For prior period errors, don't adjust your tax liabilities reported on Form 943, line 17, or on Form 943-A. Instead, file Form 943-X, as discussed in [Prior Year Adjustments](#) in section 9.



In addition to civil penalties, you may be subject to criminal prosecution (brought to trial) for willfully:

- *Evading tax;*
- *Failing to collect or truthfully account for and pay over tax;*
- *Failing to file a return, supply information, or pay any tax due;*

- *Furnishing a false or fraudulent Form W-2 to employees or failing to furnish Form W-2;*
- *Committing fraud and providing false statements;*
- *Preparing and filing a fraudulent return; or*
- *Committing identity theft.*

Employers of Both Farm and Nonfarm Workers

If you employ both farm and nonfarm workers, you must treat employment taxes for the farmworkers (Form 943 taxes) separately from employment taxes for the nonfarm workers (Form 941 and 944 taxes). Form 943 taxes and Form 941/944 taxes aren't combined for purposes of applying any of the deposit schedule rules. See [Household employees](#), later, for the rules on household employment.

If a deposit is due, deposit the Form 941/944 taxes and the Form 943 taxes by making separate deposits. For example, if you're a monthly schedule depositor for both Forms 941/944 and 943 taxes and your tax liability at the end of June is \$1,500 reportable on Form 941/944 and \$1,200 reportable on Form 943, deposit both amounts by July 15. Use one transaction to deposit the \$1,500 of Form 941/944 taxes and another transaction to deposit the \$1,200 of Form 943 taxes.

8. Form 943

You must file Form 943 for each calendar year beginning with the first year that you pay \$2,500 or more for farmwork or you employ a farmworker who meets the \$150 test explained in [section 4](#). Don't report these wages on Form 941 or Form 944.

Household employees. If you file Form 943 and pay wages to household workers, you may include the wages and taxes of these workers on Form 943. If you choose not to report these wages and taxes on Form 943, report the wages of these workers separately on Schedule H (Form 1040 or 1040-SR). You must have an EIN to file Schedule H (Form 1040 or 1040-SR). See [section 1](#) for details. If you report the wages on Form 943, include the taxes when you figure deposit requirements or make deposits. If you include household employee wages and taxes on Schedule H (Form 1040 or 1040-SR), don't include the household employee taxes when you figure deposit requirements or make Form 943 deposits. See Pub. 926 for more information about household workers.

If household employee wages and taxes are included on Form 943, you must also include FUTA tax for the employees on Form 940. See [section 10](#) for more information.

Penalties. For each month or part of a month that a return isn't filed when required, there is a failure-to-file (FTF) penalty of 5% of the unpaid tax due with that return. The maximum penalty is 25% of the tax due. Also, for each

month or part of a month that the tax is paid late, there is a failure-to-pay (FTP) penalty of 0.5% per month of the amount of tax. For individual filers only, the FTP penalty is reduced from 0.5% per month to 0.25% per month if an installment agreement is in effect. You must have filed your return on or before the due date of the return to qualify for the reduced penalty. The maximum amount of the FTP penalty is also 25% of the tax due. If both penalties apply in any month, the FTF penalty is reduced by the amount of the FTP penalty. The penalties won't be charged if you have reasonable cause for failing to file or pay. If you receive a penalty notice, you can provide an explanation of why you believe reasonable cause exists.

Note. In addition to any penalties, interest accrues from the due date of the tax on any unpaid balance.

If federal income, social security, or Medicare taxes that must be withheld aren't withheld or aren't paid, you may be personally liable for the trust fund recovery penalty. See [Trust fund recovery penalty](#) in section 7.

Generally, use of a third-party payer, such as a payroll service provider or reporting agent, doesn't relieve an employer of the responsibility to ensure that tax returns are filed and all taxes are paid or deposited correctly and on time. See [Outsourcing payroll duties](#), earlier, for more information.

9. Reporting Adjustments on Form 943

There are two types of adjustments: current year adjustments and prior year adjustments to correct errors. See the Instructions for Form 943 and the Instructions for Form 943-X for more information on how to report these adjustments.

Current Year Adjustments

In certain cases, amounts reported as social security and Medicare taxes on Form 943, lines 3, 5, and 7, must be adjusted to arrive at your correct tax liability. The most common situation involves differences in cents totals due to rounding. Other situations when current year adjustments may be necessary include third-party sick pay, group-term life insurance for former employees, and the uncollected employee share of social security and Medicare taxes on tips. Current year adjustments are reported on Form 943, line 10. See section 13 of Pub. 15 for more information on these adjustments.

If you withhold an incorrect amount of federal income tax or Additional Medicare Tax from an employee, you may adjust the amount withheld in later pay periods during the **same year** to compensate for the error.

Prior Year Adjustments

If you discover an error on a previously filed Form 943, make the correction using Form 943-X. File a separate Form 943-X for each prior year you're correcting. File

Form 943-X separately. Don't attach Form 943-X to your current period Form 943. You must explain your error on Form 943-X, indicate when the error was discovered, and provide the applicable certifications.

When you discover that you underreported tax on a previously filed return, you must file Form 943-X no later than the due date of the return for the period during which you discovered the error. Pay the amount you owe by the time you file. For example, you discover on June 5, 2020, that you underreported \$10,000 of social security and Medicare wages on your 2019 Form 943. You owe \$1,530 on the 2019 Form 943. To qualify for an interest-free adjustment, you must file Form 943-X by February 1, 2021, and pay \$1,530 by the time you file. For more information, see the Instructions for Form 943-X or go to [IRS.gov/CorrectingEmploymentTaxes](https://www.irs.gov/CorrectingEmploymentTaxes).



See Revenue Ruling 2009-39, 2009-52 I.R.B. 951, for examples of how the interest-free adjustment and claim for refund rules apply in 10 different situations. You can find Revenue Ruling 2009-39 at [IRS.gov/irb/2009-52_IRB#RR-2009-39](https://www.irs.gov/irb/2009-52_IRB#RR-2009-39).

Form 843. Don't use Form 843 to request a refund or abatement of overreported social security or Medicare taxes. Instead, request your refund or abatement of taxes on Form 943-X. However, use Form 843 when requesting a refund or abatement of assessed interest or penalties.

Federal income tax and Additional Medicare Tax withholding adjustments. You can't adjust amounts reported as income tax or Additional Medicare Tax withheld in a prior calendar year, even if you withheld the wrong amount, unless it is to correct an administrative error or section 3509 applies. An administrative error occurs if the amount you entered on Form 943 isn't the amount that you actually withheld. Examples include mathematical or transposition errors. The administrative error adjustment corrects the amount reported on Form 943 to agree with the amount actually withheld from employees.

If a prior year error was a nonadministrative error, you may correct only the **wages** subject to Additional Medicare Tax withholding.

See the Instructions for Form 943-X for more information about section 3509 and additional examples of administrative and nonadministrative errors.

Social security and Medicare tax adjustments. Correct prior year social security and Medicare tax errors by making an adjustment on Form 943-X.

If you withheld no tax or less than the correct amount, you may correct the mistake by withholding the tax from a later payment to the same employee.

If you withheld employee tax when no tax is due or if you withheld more than the correct amount, you must repay or reimburse the employee.

Collecting underwithheld taxes from employees. If you withheld no federal income, social security, or Medicare taxes or less than the correct amount from an employee's wages, you can make it up from future pay to that employee. But you're the one who owes the underpay-

ment. Reimbursement is a matter for settlement between you and the employee. Underwithheld federal income tax and Additional Medicare Tax must be recovered from the employee on or before the last day of the calendar year.

Refunding amounts incorrectly withheld from employees. If you withheld more than the correct amount of income, social security, or Medicare taxes from wages paid, repay or reimburse the employee the excess. Any excess income tax or Additional Medicare Tax withholding must be repaid or reimbursed to the employee before the end of the calendar year in which it was withheld. Keep in your records the employee's written receipt showing the date and amount of the repayment or record of reimbursement. If you didn't repay or reimburse the employee, you must report and pay each excess amount when you file Form 943 for the year in which you withheld too much tax.

Filing corrections to Forms W-2 and W-3. When adjustments are made to correct social security and Medicare taxes because of a change in the wage totals reported for a previous year, you may also need to file Forms W-2c and Form W-3c. Forms W-2c may be created and submitted to the SSA over the Internet. For more information, visit the SSA's Employer W-2 Filing Instructions & Information website at [SSA.gov/employer](https://www.ssa.gov/employer).

For additional information about the procedure for adjusting employment taxes, see the Instructions for Form 943-X or go to [IRS.gov/CorrectingEmploymentTaxes](https://www.irs.gov/CorrectingEmploymentTaxes). Also see Treasury Decision 9405, 2008-32 I.R.B. 293, available at [IRS.gov/irb/2008-32_IRB#TD-9405](https://www.irs.gov/irb/2008-32_IRB#TD-9405).

Note. Current period adjustments for fractions of cents, sick pay, tips, and group-term life insurance are reported on your Form 943.

10. Federal Unemployment (FUTA) Tax

The Federal Unemployment Tax Act (FUTA), with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both a federal and a state unemployment tax. For a list of state unemployment agencies, visit the U.S. Department of Labor's website at oui.doleta.gov/unemploy/agencies.asp. Only the employer pays FUTA tax; it isn't withheld from the employees' wages. For more information, see the Instructions for Form 940.

For 2020, you must file Form 940 if you:

- Paid cash wages of \$20,000 or more to farmworkers in any calendar quarter in 2019 or 2020, or
- Employed 10 or more farmworkers during at least some part of a day (whether or not at the same time) during any 20 or more different weeks in 2019 or 20 or more different weeks in 2020.

To determine whether you meet either test above, you must count wages paid to aliens admitted on a temporary

basis to the United States to perform farmwork, also known as “H-2A” visa workers. However, wages paid to “H-2A” visa workers aren't subject to the FUTA tax.

Generally, farmworkers supplied by a [crew leader](#), as defined earlier in section 2, are considered employees of the farm operator for purposes of the FUTA tax unless (a) the crew leader is registered under the Migrant and Seasonal Agricultural Worker Protection Act, or (b) substantially all of the workers supplied by the crew leader operate or maintain tractors, harvesting or crop-dusting machines, or other machines provided by the crew leader. Therefore, if (a) or (b) applies, the farmworkers are generally employees of the crew leader.

You must deposit FUTA tax by EFT. The deposit rules for FUTA tax are different from those for income, social security, and Medicare taxes. See [Deposit rules for FUTA tax](#), later in this section.

FUTA tax rate. The FUTA tax rate is 6.0% for 2020. The tax applies to the first \$7,000 you pay to each employee as wages during the year. The \$7,000 is the federal wage base. Your state wage base may be different. Generally, you can take a credit against your FUTA tax for amounts you paid into state unemployment funds. The credit may be as much as 5.4% of wages subject to FUTA tax. If you're entitled to the maximum 5.4% credit, the FUTA tax rate after credit is 0.6%. You're entitled to the maximum credit if you paid your state unemployment taxes in full, on time, and on all the same wages as are subject to FUTA tax, and as long as the state isn't determined to be a credit reduction state. See the Instructions for Form 940 to determine the credit.

In some states, the wages subject to state unemployment tax are the same as the wages subject to FUTA tax. However, certain states exclude some types of wages from state unemployment tax, even though they are subject to FUTA tax (for example, wages paid to corporate officers, certain payments of sick pay by unions, and certain fringe benefits). In such a case, you may be required to deposit more than 0.6% FUTA tax on those wages. See the Instructions for Form 940 for further guidance.

Successor employer. If you have acquired a business from someone else, you may be able to claim a special credit as a successor employer. See the Instructions for Form 940.

Deposit rules for FUTA tax. Generally, deposit FUTA tax quarterly. To figure your FUTA tax, multiply 0.006 times the amount of wages paid to each employee during the quarter. This amount may need to be adjusted, however, depending on your entitlement to the credit for state unemployment contributions. See the Instructions for Form 940. When an employee's wages reach \$7,000 for the calendar year, don't figure any additional FUTA tax for that employee. If your total FUTA tax for the quarter (plus any undeposited FUTA tax from prior quarters) is more than \$500, you must deposit the FUTA tax by EFT, as explained in [section 7](#), by the last day of the month following the end of the quarter. If the amount is \$500 or less, you don't have to deposit it, but you must add it to the amount

of tax for the next quarter to determine whether a deposit is required for that quarter.

If your liability for the fourth quarter (plus any undeposited amount from any earlier quarter) is over \$500, deposit the entire amount by the due date of Form 940 (January 31). If it is \$500 or less, you can make a deposit, pay the tax with a major credit card or debit card, or pay the tax with a check or money order with your Form 940 by January 31. If you file Form 940 electronically, you can *e-file* and use EFW to pay the balance due. For more information on paying your taxes with a credit or debit card or using EFW, go to [IRS.gov/Payments](https://www.irs.gov/Payments).

Filing Form 940. File your 2019 Form 940 by January 31, 2020. If you make deposits on time in full payment of the tax due for the year, you may file Form 940 by February 10.

11. Reconciling Wage Reporting Forms

When there are discrepancies between amounts reported on Form 943 filed with the IRS and Forms W-2 and W-3 filed with the SSA, the IRS or the SSA may contact you to resolve the discrepancies.

Take the following actions to help reduce discrepancies.

1. Report bonuses as wages and as social security and Medicare wages on Forms W-2 and 943.
2. Report social security and Medicare wages and taxes separately on Forms W-2, W-3, and 943.
3. Report the employee share of social security taxes on Form W-2 in the box for social security tax withheld (box 4), not as social security wages.
4. Report the employee share of Medicare taxes on Form W-2 in the box for Medicare tax withheld (box 6), not as Medicare wages.
5. Make sure that social security wages for each employee don't exceed the annual social security wage base.
6. Don't report noncash wages that aren't subject to social security or Medicare taxes, as discussed earlier in [section 3](#), as social security or Medicare wages.
7. Be sure that the amounts on Form W-3 are the total amounts from Forms W-2, excluding any amounts from Forms W-2 that were marked void.
8. Reconcile Form W-3 with your Form 943 by comparing amounts reported for the following items.
 - a. Federal income tax withheld.
 - b. Social security wages and Medicare wages.
 - c. Social security and Medicare taxes. Generally, the amounts shown on Form 943, including current

year adjustments, should be approximately twice the amounts shown on Form W-3.

Amounts reported on Forms W-2, W-3, and 943 may not match for valid reasons. For example, if you withheld any Additional Medicare Tax from your employee's wages, the amount of Medicare tax that is reported on Form 943, line 5, won't be twice the amount of the Medicare tax withheld that is reported in box 6 of Form W-3. If they don't

match, you should determine that the reasons are valid. Keep your reconciliation so that you will have a record of why amounts didn't match in case there are inquiries from the IRS or the SSA.

12. How Do Employment Taxes Apply to Farmwork?

Type of Employment	Income Tax Withholding, Social Security, and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	Federal Unemployment Tax
Farm Employment Includes: <ol style="list-style-type: none"> 1. Cultivating soil; raising or harvesting any agricultural or horticultural commodity; the care of livestock, poultry, bees, fur-bearing animals, or wildlife on a farm. 2. Work on a farm if major farm duties are in management or maintenance, etc., of farm tools or equipment or salvaging timber, or clearing brush or other debris, left by hurricane. 3. Work in connection with the production and harvesting of turpentine and other oleoresinous products. 4. Cotton ginning. 5. Operation or maintenance of ditches, reservoirs, canals, or waterways used only for supplying or storing water for farming purposes and not owned or operated for profit. 6. Processing, packaging, etc., any commodity in its unmanufactured state if employed by farm operator who produced over half of commodity processed or by group of up to 20 unincorporated farm operators if they produced all the commodity.* 7. Hatching poultry on a farm. 8. Production or harvesting of maple syrup on a farm. 	<p>Taxable if \$150 test or \$2,500 test is met. See section 4.</p>	<p>Taxable if either test in section 10 is met.</p>
Farm Employment Doesn't Include: <ol style="list-style-type: none"> 1. Handling or processing commodities after delivery to terminal market for commercial canning or freezing. 2. Operation or maintenance of ditches, canals, reservoirs, or waterways not meeting tests in (5) above. 3. Processing, packaging, delivering, etc., any commodity in its unmanufactured state if group of farm operators don't meet the tests in (6) above. 4. Household employment. 	<p>Taxable under general employment rules. Farm rules don't apply.</p>	<p>Taxable under general FUTA rules. Farm rules don't apply.</p>
Special Employment Situations: <ol style="list-style-type: none"> 1. Services not in the course of employer's trade or business on farm operated for profit (cash payments only). 2. Workers admitted under section 101(a)(15)(H)(ii)(a) of the Immigration and Nationality Act on a temporary basis to perform agricultural labor ("H-2A" workers). 3. Family employment of a child if the farm is a sole proprietorship or a partnership in which each partner is a parent of the child.** 	<p>Taxable if \$150 test or \$2,500 test is met (see section 4), unless performed by parent employed by child.</p> <p>Exempt.</p> <p>Exempt from social security and Medicare tax for employer's child under age 18, but counted for \$150 test or \$2,500 test. The wages are subject to federal income tax withholding if they are subject to social security and Medicare tax.</p> <p>Taxable for spouse of employer.</p>	<p>Taxable only if \$50 or more is paid in a quarter and employee works on 24 or more different days in current or prior quarter.</p> <p>Exempt.</p> <p>Exempt if services performed by employer's parent or spouse or by employer's child under age 21.</p>
<p>* For federal unemployment tax, farmwork includes workers employed by a group of operators if they produce more than one-half of the commodity.</p> <p>** Payments for the services of your child or spouse are subject to federal income tax withholding as well as social security, Medicare, and FUTA taxes if he or she works for a corporation, even if it is controlled by you; a partnership, even if you're a partner (this doesn't apply to wages paid to your child if each partner is a parent of the child); or an estate or trust, even if it is the estate of a deceased parent. In these situations, the child or spouse is considered to work for the corporation, partnership, or estate, not you.</p>		

How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) and find resources that can help you right away.

Preparing and filing your tax return. Go to [IRS.gov/employmentefile](https://www.irs.gov/employmentefile) for more information on filing your employment tax returns electronically.

Employers can register to use Business Services Online. The SSA offers online service for fast, free, and secure online Form W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Forms W-2, Wage and Tax Statement, and Forms W-2c, Corrected Wage and Tax Statement. Employers can go to [SSA.gov/employer](https://ssa.gov/employer) for more information.



Getting answers to your tax questions. On [IRS.gov](https://www.irs.gov), get answers to your tax questions anytime, anywhere.

- Go to [IRS.gov/Help](https://www.irs.gov/help) for a variety of tools that will help you get answers to some of the most common tax questions.
- Go to [IRS.gov/Forms](https://www.irs.gov/forms) to search for our forms, instructions, and publications. You will find details on 2019 tax changes and hundreds of interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.

Tax reform. Tax reform legislation affects individuals, businesses, and tax-exempt and government entities. Go to [IRS.gov/TaxReform](https://www.irs.gov/taxreform) for information and updates on how this legislation affects your taxes.

IRS social media. Go to [IRS.gov/SocialMedia](https://www.irs.gov/socialmedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are paramount. We use these tools to share public information with you. **Don't** post your social security number or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos](https://www.youtube.com/irsvideos).
- [Youtube.com/irsvideosmultilingua](https://www.youtube.com/irsvideosmultilingua).
- [Youtube.com/irsvideosASL](https://www.youtube.com/irsvideosASL).

Watching IRS videos. The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/irs-videos)) contains video and audio presentations for individuals, small businesses, and tax professionals.

Getting tax information in other languages. For taxpayers whose native language isn't English, we have the following resources available. Taxpayers can find information on [IRS.gov](https://www.irs.gov) in the following languages.

- [Spanish \(IRS.gov/Spanish\)](https://www.irs.gov/spanish).
- [Chinese \(IRS.gov/Chinese\)](https://www.irs.gov/chinese).
- [Korean \(IRS.gov/Korean\)](https://www.irs.gov/korean).
- [Russian \(IRS.gov/Russian\)](https://www.irs.gov/russian).
- [Vietnamese \(IRS.gov/Vietnamese\)](https://www.irs.gov/vietnamese).

The IRS Taxpayer Assistance Centers (TACs) provide over-the-phone interpreter service in over 170 languages, and the service is available free to taxpayers.

Getting tax forms and publications. Go to [IRS.gov/Forms](https://www.irs.gov/forms) to view, download, or print most of the forms, instructions, and publications you may need. You can also download and view popular tax publications and instructions (including Pub. 51) on mobile devices as an eBook at no charge at [IRS.gov/eBooks](https://www.irs.gov/ebooks). Or you can go to [IRS.gov/OrderForms](https://www.irs.gov/orderforms) to place an order and have them mailed to you within 10 business days.

Getting a transcript or copy of a return. You can get a copy of your tax transcript or a copy of your return by calling 800-829-4933 or by mailing Form 4506-T (transcript request) or Form 4506 (copy of return) to the IRS.

Resolving tax-related identity theft issues.

- The IRS doesn't initiate contact with taxpayers by email or telephone to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.
- Go to [IRS.gov/IDProtection](https://www.irs.gov/identityprotection) for information.
- If your EIN has been lost or stolen or you suspect you're a victim of tax-related identity theft, visit [IRS.gov/IdentityTheft](https://www.irs.gov/identitytheft) to learn what steps you should take.

Making a tax payment. The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](https://www.irs.gov/payments) to make a payment using any of the following options.

- **Debit or Credit Card:** Choose an approved payment processor to pay online, by phone, and by mobile device.
- **Electronic Funds Withdrawal:** Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- **Electronic Federal Tax Payment System:** Best option for businesses. Enrollment is required.
- **Check or Money Order:** Mail your payment to the address listed on the notice or instructions.

- **Cash:** You may be able to pay your taxes with cash at a participating retail store.
- **Same-Day Wire:** You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and cut-off times.

What if I can't pay now? Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement \(IRS.gov/OPA\)](https://www.irs.gov/OPA) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the [Offer in Compromise Pre-Qualifier](https://www.irs.gov/OIC) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](https://www.irs.gov/OIC).

Understanding an IRS notice or letter. Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

Contacting your local IRS office. Keep in mind, many questions can be answered on IRS.gov without visiting an IRS Tax Assistance Center (TAC). Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC, check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an **independent** organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](https://www.irs.gov/ taxpayer-bill-of-rights).

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to

[TaxpayerAdvocate.IRS.gov](https://www.irs.gov/taxpayer-advocate) to help you understand *what these rights mean to you* and how they apply. These are **your** rights. Know them. Use them.

What Can TAS Do For You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices *in every state, the District of Columbia, and Puerto Rico*. Your local advocate's number is in your local directory and at [TaxpayerAdvocate.IRS.gov/Contact-Us](https://www.irs.gov/taxpayer-advocate). You can also call them at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to them at [IRS.gov/SAMS](https://www.irs.gov/SAMS).

TAS also has a website, [Tax Reform Changes](https://www.irs.gov/tax-reform-changes), which shows you how the new tax law may change your future tax filings and helps you plan for these changes. The information is categorized by tax topic in the order of the IRS Form 1040 or 1040-SR. Go to [TaxChanges.us](https://www.irs.gov/taxchanges) for more information.

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.



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