



Department  
of the  
Treasury

Internal  
Revenue  
Service

## Publication 926

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# Employment Taxes for Household Employers

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## Important Change for 1994

**\$1,000 wage test for social security and Medicare taxes.** Beginning in 1994, wages you pay to a household employee are subject to social security and Medicare taxes only if you pay the employee cash wages of \$1,000 or more for the year. Wages paid in a calendar quarter before 1994 were subject to the taxes only if you paid cash wages of \$50 or more in the quarter.

**Overpaid taxes.** Because the law was not changed until October 1994, you may have overpaid your 1994 social security and Medicare taxes on the quarterly Forms 942 you filed during 1994. For information on obtaining a credit for or refund of these overpaid taxes, see *Wages Paid in 1994*, later.

**Form W-2.** For 1994 only, if you paid a household employee cash wages of less than \$1,000 for the year but \$50 or more in any calendar quarter, you must still file a 1994 Form W-2, even though these wages may now be exempt from social security and Medicare taxes. For more information, see *Wages Paid in 1994*, later.

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## Important Changes for 1995

**Reporting and paying employment taxes with Form 1040.** Beginning in 1995, you will report and pay employment taxes on wages you pay to household employees with your annual Form 1040. Previously, social security, Medicare, and withheld federal income taxes were reported and paid with the quarterly Form 942, and federal unemployment (FUTA) tax was reported and paid with the annual Form 940.

However, if you own a business as a sole proprietor, you must include the taxes for your household employee on the Forms 940 and 941 you file for your business. If you own or operate a farm business, you must include the taxes on your Forms 940 and 943. For more information, see *Reporting and Paying Employment Taxes*, later.

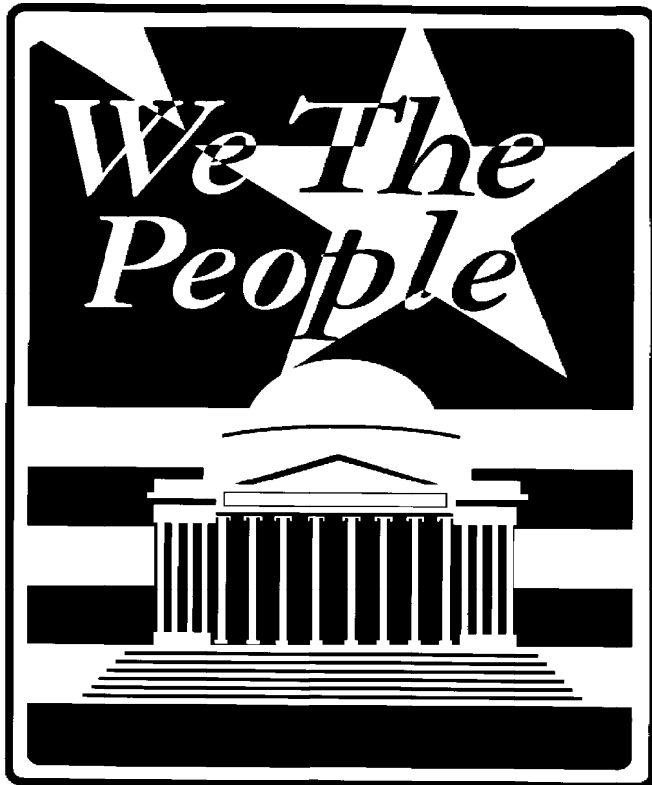
**Exemption for employees under age 18.** Beginning in 1995, wages you pay to a household employee who is under age 18 at any time during the year are exempt from social security and Medicare taxes, unless household work is his or her principal occupation. For more information, see *Social Security and Medicare Taxes*, later.

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## Important Reminder

### Employment tax rates.

- **Social security tax.** The social security tax rate is 6.2% each for employers and employees (12.4% total). For more information, see *Social Security and Medicare Taxes*, later.



- **Medicare tax.** The Medicare tax rate is 1.45% each for employers and employees (2.9% total). For more information, see *Social Security and Medicare Taxes*, later.
- **Federal unemployment (FUTA) tax.** The FUTA tax rate is 6.2% (employers only). However, you may be able to take a credit of up to 5.4% against this tax. Therefore, your tax rate may be as low as 0.8%. For more information, see *Federal Unemployment (FUTA) Tax*, later.

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## Introduction

If you hire someone to perform household services in or around your home, you may be a household employer. If you are a household employer, you have certain tax responsibilities.

**Wages you pay in 1995.** This publication discusses your federal tax responsibilities as a household employer for wages you pay in 1995. If you pay wages to a household employee, you may have to:

- 1) Withhold and pay social security and Medicare taxes.
- 2) Withhold federal income tax, if your employee asks you to withhold and you agree.
- 3) Pay federal unemployment (FUTA) tax.
- 4) Make advance payments of the earned income credit.
- 5) File returns to report these taxes.

All of these requirements are explained in this publication.

**Wages paid in 1994.** This publication also explains and provides examples with filled-in forms showing:

- 1) How to report and pay employment taxes on wages you paid to household employees in 1994.
- 2) How to get a credit for or refund of taxes you paid in 1994, if you paid your household employee less than \$1,000 for the year.
- 3) How your household employee can get a refund of taxes withheld from wages you paid in 1994 if you paid the employee less than \$1,000 for the year.

**State employment taxes.** In addition to having federal tax obligations, household employers may also have state tax obligations. You should contact your state agencies dealing with employment taxes and unemployment insurance to determine your state tax obligations. You should also ask about workers' compensation obligations.

### Useful Items

You may want to see:

#### Publication

- **15** Circular E, Employer's Tax Guide

- **937** Employment Taxes

### Form (and Instructions)

- **W-2** Wage and Tax Statement
- **W-3** Transmittal of Wage and Tax Statements
- **W-4** Employee's Withholding Allowance Certificate
- **W-5** Earned Income Credit Advance Payment Certificate
- **940 (or 940-EZ)** Employer's Annual Federal Unemployment (FUTA) Tax Return
- **942** Employer's Quarterly Tax Return for Household Employees
- **1040-ES** Estimated Tax for Individuals

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**Ordering publications and forms.** To order free publications and forms, call our toll-free telephone number 1-800-TAX-FORM (1-800-829-3676). You can also write to the IRS Forms Distribution Center nearest you. Check your income tax package for the address.

**Telephone help.** You can call the IRS with your tax question Monday through Friday during regular business hours. Check your telephone book for the local number or you can call toll-free 1-800-829-1040.

**Telephone help for hearing-impaired persons.** If you have access to TDD equipment, you can call 1-800-829-4059 with your tax question or to order forms and publications. See your income tax package for the hours of operation.

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## Who Is a Household Employer?

You are a household employer if you have household employees (also called domestic workers). Some examples of workers who **may** be household employees are:

- Babysitters
- Caretakers
- Cooks
- Drivers
- Gardeners
- Governesses
- Housekeepers
- Maids

## Who Is a Household Employee?

If a worker performs household services in or around your home that are subject to your will and control, as to both **what** must be done and **how** it must be done, that worker is your household employee. It does not matter whether you exercise this control as long as

you have the **legal right** to control both the method and the result of the services.

If you have an employer-employee relationship, it does not matter if you call your household employee something else, such as an independent contractor. It does not matter whether the person works full time or part time. It also does not matter if you employ the person through an agency or from a list provided by an agency or association. However, an agency or association may maintain enough control to prevent the worker from being your employee if, for example, it provides rules of conduct and appearance and requires regular reports from the worker.

Two usual characteristics of an employer-employee relationship are that the employer:

- 1) Can fire the employee, and
- 2) Gives the employee tools and a place to work.

**Example.** Anna Jordan, a parent, hired Betty Shore to sit for her child and do some light housework. Betty works 4 days a week in Anna's home. She follows specific instructions given to her by Anna regarding household and child care duties. Anna provides her with household equipment and supplies. She pays Betty directly. Betty is Anna's employee.

## Who Is Not a Household Employee?

People who work for you in your trade or business are not household employees. Workers who follow an independent trade, business, or profession in which they offer their services to the general public are generally not household employees. They are often called independent contractors. The general rule is that workers who perform services that are subject to your right to control or direct **only** the result of the work and **not** the means and methods of accomplishing the result are not household employees.

If you need additional information to determine whether a household worker is your employee, see Publication 937.

**Example.** You pay John Peters to care for your lawn. He offers lawn care services to homeowners in your neighborhood. He provides his own tools and hires and pays helpers as he wishes. Neither John nor his helpers are your household employees.

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## Hiring a Household Employee

When you hire a household employee you must verify that he or she is eligible for employment and keep a record of his or her name and social security number.

**Eligibility for employment.** You must verify that each new employee is legally eligible to work in the United States. This includes completing the Immigration and Naturalization Service (INS) Form I-9, *Employment Eligibility*

*Verification*, which you can obtain from INS offices. Contact the INS for further information concerning this responsibility.

**Employee social security number.** When you hire a household employee, keep a record of the employee's name and social security number exactly as they appear on the employee's social security card. An employee who does not have a social security number must apply for one on Form SS-5, *Application for a Social Security Card*. An employee who has lost his or her social security card or whose name is not correctly shown on the card should apply for a new card. Employees may get Form SS-5 from any Social Security Administration office or by calling 1-800-772-1213.

## Wages You Pay in 1995

The following sections discuss your federal tax responsibilities as a household employer for wages you pay in 1995.

### Social Security and Medicare Taxes

The Federal Insurance Contributions Act (FICA) provides for a federal system of old-age, survivors, disability, and hospital insurance. The old-age, survivors, and disability insurance part is financed by the social security tax. The hospital insurance part is financed by the Medicare tax.

Both you and your employees may have to pay social security and Medicare taxes. You, as an employer, are responsible for payment of the employee's share. You can either withhold the employee's share from the wages you pay or you can pay the employee's share from your own funds. You must also pay a matching amount from your own funds for your share of the taxes.

**Social security and Medicare tax rates.** The combined social security tax rate is 12.4% (6.2% employer share plus 6.2% employee share) of wages subject to social security tax.

The combined Medicare tax rate is 2.9% (1.45% employer share plus 1.45% employee share) of wages subject to Medicare tax.

**Wages exempt from social security and Medicare taxes.** Social security and Medicare taxes do not apply to wages you pay for household services performed in and around your home by:

- 1) Your spouse.
- 2) Your mother or father, unless **both** of the following apply:
  - a) Your child lives with you and is either under age 18 **or** has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in a calendar quarter, and
  - b) You are divorced and have not remarried, or you are a widow or widower, or

you are married to and living with a person whose physical or mental condition prevents him or her from caring for your child for at least 4 continuous weeks in a calendar quarter.

- 3) Your son or daughter under age 21.
- 4) Beginning in 1995, an employee who is under age 18 at any time during the year, unless providing household services is his or her principal occupation. If the employee is a student, providing household services is not considered to be his or her principal occupation.

**Wages subject to social security and Medicare taxes.** Social security tax applies to the first \$61,200 of cash wages you pay in 1995 to each household employee who meets the \$1,000 test. (Social security tax applied to the first \$60,600 of cash wages you paid in 1994.) Medicare tax applies to all cash wages you pay in 1995 to a household employee who meets the \$1,000 test. Do not count wages exempt from social security and Medicare taxes, discussed earlier, when applying the \$1,000 test or figuring wages subject to social security or Medicare tax.

**The \$1,000 test.** Social security and Medicare taxes apply only if you pay a household employee cash wages of \$1,000 or more in 1995.

This \$1,000 test applies separately to each household employee. The test applies to all cash wages you pay in 1995, regardless of when the wages were earned.

**Cash wages.** Only the cash wages you pay to your household employee are subject to social security and Medicare taxes. Checks, money orders, etc., are the same as cash.

The value of food, lodging, clothing, and other noncash items you give to household employees is not subject to social security and Medicare taxes. Cash given to an employee in place of these items is subject to the taxes if, when combined with other cash wages, the \$1,000 test is met.

**Withholding the employee's share.** Withhold 6.2% from each payment of cash wages subject to the taxes for the employee's share of social security tax. Withhold 1.45% for the employee's share of Medicare tax. However, if you prefer to pay the employee's share yourself, see *Not withholding the employee's share*, later.

You can use the table at the end of this publication to figure the proper amount to withhold. You must match the amount you withhold from your employee's wages with an equal amount for your share of the taxes.

You should withhold the employee's share of the taxes if you expect the employee to meet the \$1,000 test. Even if you are not sure the \$1,000 test will be met when you pay the wages, you may still withhold the taxes.

If you made an error by not withholding (or by withholding too little), you should withhold the additional taxes from a later payment. If you withheld too much, you should repay the employee.

**Example.** You hire a household employee to care for your child and agree to pay cash wages of \$100 every Friday. You expect the employee to meet the \$1,000 test. From each \$100 wage payment you withhold \$6.20 ( $\$100 \times 6.2\%$ ) for the employee's share of social security tax and \$1.45 ( $\$100 \times 1.45\%$ ) for the employee's share of Medicare tax. You will match the \$7.65 ( $\$6.20 + \$1.45$ ) you withhold with \$7.65 from your own funds when you pay the taxes. You pay the employee \$92.35 ( $\$100 - \$7.65$ ) every Friday.

**Not withholding the employee's share.** If you prefer to pay your employee's social security and Medicare taxes from your own funds, you do not have to withhold them from your employee's wages. Employee social security and Medicare taxes you pay for your employee are additional income to the employee for income tax purposes. However, they are not counted as cash wages for social security and Medicare tax purposes. You must match the amount you pay for your employee with an equal amount for your share of the taxes.

**Example.** You hire a household employee to care for your child and agree to pay cash wages of \$100 every Friday. You expect the employee to meet the \$1,000 test. You decide to pay the employee's share of social security and Medicare taxes, as well as your own matching share, from your own funds. You pay the employee \$100 every Friday without withholding any social security or Medicare taxes. For each \$100 wage payment you will pay \$12.40 ( $\$100 \times 12.4\%$ ) social security tax and \$2.90 ( $\$100 \times 2.9\%$ ) Medicare tax.

**Reporting and paying social security and Medicare taxes.** You will generally report and pay social security and Medicare taxes on wages you pay to your household employees in 1995 with your annual Form 1040. For more information, see *Reporting and Paying Employment Taxes*, later.

## Federal Income Tax Withholding

You do not have to withhold federal income tax from your household employee's wages unless the employee asks you to withhold tax and you agree. An employee who wants you to withhold federal income tax must give you a completed Form W-4.

**Wages subject to income tax withholding.** If you agree to withhold federal income tax, wages subject to income tax withholding include:

- Salaries,
- Bonuses,
- Vacation allowances,
- Meals (unless provided at your home for your convenience),
- Lodging (unless provided at your home for your convenience and as a condition of employment),
- Clothing, and
- Other noncash items.

Measure wages you pay in any form other than cash by the value of the goods, lodging, meals, etc.

**Wages exempt from income tax withholding.** If you agree to withhold federal income tax, wages exempt from income tax withholding include:

- Up to \$60 a month for bus or train tokens (passes) you provide to your employee or for any reimbursement you give your employee for his or her public transit cost.
- Up to \$155 a month for parking you provide for your employee at or near your home or at or near a location from which your employee commutes to work.

**Withholding federal income tax.** Figure federal income tax withholding on wages before any deductions. Withhold federal income tax from each payment of wages subject to income tax withholding based on information provided by the employee on Form W-4. See Publication 15 for withholding tables and detailed instructions.

**Paying tax without withholding.** Any income tax you pay for your employee without withholding it from the employee's wages must be treated as additional wages paid to the employee. It is also counted as additional wages for social security, Medicare, and federal unemployment (FUTA) tax purposes.

**Reporting and paying withheld federal income tax.** You will generally report and pay federal income tax you withhold from wages you pay to your household employees in 1995 with your annual Form 1040. For more information, see *Reporting and Paying Employment Taxes*, later.

## Federal Unemployment (FUTA) Tax

The Federal Unemployment Tax Act (FUTA) provides for a state and federal system to pay unemployment compensation to workers who have lost their jobs. Most employers pay both a state and federal unemployment tax. However, even if you are exempt from the state tax, you may still have to pay the federal tax.

You, as the employer, must pay this tax. Do not withhold it from your employee's wages.

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**Note:** This publication discusses only the federal unemployment tax. For information on state unemployment tax, contact your state employment office.

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**FUTA tax rate.** The FUTA tax rate is 6.2% of wages subject to FUTA tax. However, you may be able to take a credit of up to 5.4% against this tax for making any required payments to your state unemployment fund by the due date for filing your Form 1040. Therefore, your tax rate may be as low as 0.8%.

The credit for payments you make to the state **after** the due date for filing your Form 1040 cannot be more than 90% of the amount

that would have been allowable if you had paid the state tax by the due date.

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**Note:** The 5.4% credit is reduced for wages paid in a credit reduction state. For 1994, there were no credit reduction states. If your state is subject to a credit reduction for 1995, the state's name and the amount of the credit reduction will be shown in the instructions for Schedule H, Form 1040.

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**Wages exempt from FUTA tax.** FUTA tax does not apply to wages you pay in 1995 for household services performed in or around your home by:

- 1) Your spouse.
- 2) Your son or daughter under age 21.
- 3) Your mother or father.

**Wages subject to FUTA tax.** FUTA tax applies to the first \$7,000 of cash wages you pay in 1995 to each of your household employees if you, as a household employer, meet the \$1,000 FUTA test. Do not count wages exempt from FUTA tax, discussed earlier, when applying the \$1,000 FUTA test or figuring wages subject to FUTA tax.

**\$1,000 FUTA test.** FUTA tax applies only if you paid \$1,000 or more in cash wages to household employees in any calendar quarter this year or last year.

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**Note:** This test is different from the \$1,000 test for wages subject to social security and Medicare taxes. If you meet the \$1,000 FUTA test, you may have to pay FUTA tax on wages that are not subject to social security and Medicare taxes.

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**Reporting and paying FUTA tax.** You will generally report and pay FUTA tax on wages you pay to your household employees in 1995 with your annual Form 1040.

If your state is not a credit reduction state for 1995 and you are either exempt from or have made correct and timely payments of your state unemployment tax, your total FUTA tax will simply be the result of multiplying the wages subject to FUTA tax by 0.008.

For more information, see *Reporting and Paying Employment Taxes*, next.

## Reporting and Paying Employment Taxes

Beginning in 1995, you will report and pay employment taxes on wages you pay to household employees with your annual Form 1040. Also, you will generally file a Form W-2 for each employee with the Social Security Administration.

However, if you own a business as a sole proprietor, you must include the social security, Medicare, and withheld income taxes for your household employee on the Form 941, *Employer's Quarterly Federal Tax Return*, filed for your business. You must include the FUTA tax for your household employee on your Form

940 (or 940-EZ), *Employer's Annual Federal Unemployment (FUTA) Tax Return*. (You must deposit the taxes under the rules that apply to your business employees.) Do **not** include taxes for a household employee on a Form 940, 940-EZ, or 941 that you file for a partnership or corporation.

If you own or operate a farm, report the taxes for any household work performed for you on the farm by filing Form 940 (or 940-EZ) and Form 943, *Employer's Annual Tax Return for Agricultural Employees*.

**Employer identification number (EIN).** You must include your EIN when you report the employment taxes for your employees. This is a nine-digit number issued by the IRS. It is not the same as your social security number. You ordinarily will have an EIN if you previously paid taxes for employees, either as a household employer or in a business you own as a sole proprietor. If you already have an EIN, use that number.

If you do not have an EIN, get Form SS-4, *Application for Employer Identification Number*. The instructions for Form SS-4 explain how you can apply for an EIN either by mail or by telephone. If you apply by telephone (not a toll-free call), an EIN will be assigned for your use immediately, but you must still send your completed Form SS-4 to the IRS. If you apply by mail, you will receive your EIN in the mail in approximately 4 weeks.

## Schedule H (Form 1040)

Use Schedule H of Form 1040 to report employment taxes on wages you pay to household employees in 1995. File Form 1040 with Schedule H attached by April 15, 1996. For a discussion of the information you should keep for use in completing your Schedule H, see *Recordkeeping*, later.

**Paying employment taxes.** You are not required to make payments before April 15, 1996, of employment taxes you will owe for wages you pay to household employees in 1995. However, to avoid a large balance due when you file your Form 1040, you should consider increasing your federal income tax withholding or estimated tax payments to cover these taxes.

Use Form W-4 to increase your federal income tax withholding or Form 1040-ES to increase your estimated tax payments. For more information, see Publication 505, *Tax Withholding and Estimated Tax*.

Estimated tax penalties will not apply to underpayments of estimated tax due to employment taxes reported with your Form 1040 through 1997. Beginning in 1998, estimated tax penalties may apply.

## Forms W-2 and W-3

You must file Copy A of Form W-2 with the Social Security Administration (SSA) for each household employee to whom you paid \$1,000 or more in cash wages subject to social security and Medicare taxes in 1995. Also file Form W-2 for any employee who did not earn at

least \$1,000, but requested income tax withholding or received advanced payments of the earned income credit.

You must give the appropriate copies of Form W-2 to each employee by January 31, 1996. If the employee stops working for you before the end of 1995, give the employee Form W-2 at any time after employment ends, but not later than January 31, 1996. If the employee asks you for Form W-2, give it to him or her within 30 days after the request or the last wage payment, whichever is later.

By February 29, 1996, send Copy A of all Forms W-2 with Form W-3, *Transmittal of Wage and Tax Statements*, to the SSA. Form W-3 is not needed if you are filing only one Form W-2. In box 15, mark the checkbox labeled "942 emp."

You may file Copy A of Form W-2 with the SSA and provide copies to your employee immediately after you make your final payment of wages. You need not wait until the following year.

**Do not** send Forms W-2 and W-3 to the IRS. Send the forms to the following address:

Social Security Administration  
Data Operations Center  
Wilkes-Barre, PA 18769

See Notice 587, *Preparing Form W-2 for Your Household Employee*, for line-by-line instructions for completing Form W-2. You can get Form W-2, Form W-3, and Notice 587 by calling toll-free 1-800-829-3676.

## Advance Payment of Earned Income Credit

The earned income credit (EIC) is a refundable tax credit that can be claimed by certain employees on their income tax return. An eligible employee (described later) can choose to get EIC payments in advance with the wages you pay him or her during the year. For 1995, the advance payments can total as much as \$1,257.

You make advance EIC payments from employer and employee social security and Medicare taxes and any withheld federal income tax. The payments you make reduce the amount of these taxes you must pay to the IRS for your employees. Because you do not pay for the payments, they are not wages and are not subject to any taxes. They do not change your usual withholding.

**Eligible employee.** To be eligible for advance payments of the EIC in 1995, an employee's wages must be subject to social security, Medicare, or federal income tax withholding. In addition, the employee must meet the following three requirements:

- 1) The employee must have a qualifying child.
- 2) The employee's expected 1995 earned income and adjusted gross income (including his or her spouse's income if the employee files a joint return) must each be less than \$24,396.

- 3) The employee must expect to be able to claim the EIC for 1995.

An employee who wants you to make advance payments of the earned income credit must give you a completed Form W-5. You must include advance EIC payments with wages paid to this employee. See Publication 15 for advance EIC payment tables and detailed instructions.

## Notice About Earned Income Credit

After the end of the year, you must tell an employee who worked for you at any time during the year and had no income tax withheld that he or she may be able to get a tax refund because of the EIC. You must give the employee one of the following:

- 1) The IRS Form W-2, which has a statement about the EIC on the back of Copy C;
- 2) A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy C of the IRS Form W-2;
- 3) Notice 797, *Possible Federal Tax Refund Due to the Earned Income Credit (EIC)*; or
- 4) Your own written statement with the same wording as Notice 797.

Generally, you must give your employees direct notice about the EIC for 1995 by February 7, 1996. For specific instructions about the notification requirements, see Publication 15 and Notice 1015, *Employers—Have You Told Your Employees About the Earned Income Credit (EIC)?* You can get Notice 797, Notice 1015, and Publication 15 by calling toll-free 1-800-829-3676.

## Recordkeeping

As an employer, you must keep records of your employment taxes (including social security tax, Medicare tax, federal income tax withholding, FUTA tax, and advance payment of the earned income credit). Keep your copies of employment tax returns you file and related Forms W-2, W-3, W-4, and W-5 for at least 4 years after the due date of the return or the date the taxes were paid, whichever is later.

Also keep a record of each employee's name and social security number and the dates and amounts of:

- Cash and noncash wage payments,
- Any employee social security tax withheld,
- Any employee Medicare tax withheld,
- Any federal income tax withheld, and
- Any advance EIC payments you made.

## Example

On January 3, 1995, Taunya Brown hires Helen Smith to clean her house every Thursday. She gives Helen specific instructions as to what must be done and how it must be done.

Taunya provides Helen with all of the tools and supplies she needs.

Because Taunya expects to pay Helen at least \$1,000 in cash wages in 1995, she withholds social security and Medicare taxes from her payments to Helen.

Taunya pays Helen \$70 for her day's work, less withholding of \$4.34 ( $\$70 \times 6.2\%$ ) for Helen's share of social security tax and \$1.02 ( $\$70 \times 1.45\%$ ) for Helen's share of Medicare tax. Helen did not give Taunya a Form W-4 to request federal income tax withholding or a Form W-5 to request advance payment of the earned income credit. Helen receives a check for \$64.64 ( $\$70 - (\$4.34 + \$1.02)$ ) every Thursday.

On March 31, 1995, Helen calls Taunya and resigns. Because Taunya paid her less than \$1,000 in cash wages in 1995, Helen's wages are not subject to social security and Medicare taxes. Taunya must refund to Helen the \$56.42 ( $\$4.34 \times 13$  weeks) she withheld for Helen's share of social security tax and the \$13.26 ( $\$1.02 \times 13$  weeks) she withheld for Helen's share of Medicare tax. Taunya sends her a check for \$69.68 ( $\$56.42 + \$13.26$ ). Also, Taunya is no longer required to pay the matching \$69.68 from her own funds when she files her Form 1040. She is also not required to file a Form W-2 for Helen.

On April 3, 1995, Taunya hires Sandy Jones to take Helen's place. Taunya decides not to withhold social security and Medicare taxes from wages she pays to Sandy. Instead, she will pay Sandy's share of the taxes from her own funds.

Taunya pays Sandy \$70 for her day's work without withholding social security or Medicare taxes. Sandy did not give Taunya a Form W-4 to request federal income tax withholding or a Form W-5 to request advance payment of the earned income credit. Sandy receives a check for \$70 every Thursday.

**Form W-2.** After the end of 1995, Taunya completes Sandy's Form W-2 as follows:

- 1) Taunya enters her employer identification number in box b and her name, address, and ZIP code in box c. She then enters Sandy's social security number in box d, Sandy's full name in box e, and Sandy's address and ZIP code in box f.
- 2) During 1995, Sandy was employed 39 weeks and earned cash wages of \$2,730 ( $\$70 \times 39$ ). Taunya enters that amount in boxes 3 and 5. Taunya did not withhold federal income tax because Sandy did not ask her to, so she leaves box 2 blank. She enters the social security tax she is paying for Sandy, \$169.26 ( $\$2,730 \times 6.2\%$ ), in box 4 and the Medicare tax she is paying for Sandy, \$39.59 ( $\$2,730 \times 1.45\%$ ), in box 6. Because Taunya paid Sandy's share of social security and Medicare taxes, she enters \$2,938.85 ( $\$2,730$  (box 3 or 5) plus \$169.26 (box 4) plus \$39.59 (box 6)) in box 1. (If Taunya had withheld Sandy's share of the taxes, box 1 would have been the same as boxes 3 and 5.) Lines 7 through 14 do not apply, so Taunya leaves them blank.

3) Because Taunya is a household employer filing only one Form W-2, she checks the "942 emp." box in box 15.

By January 31, 1996, Taunya gives Sandy Copies B, C, and 2 of Form W-2. She keeps Copy D for her records, and by February 29, 1996, she sends Copy A to the Social Security Administration. She sends the whole page of Copy A even though she completed only one of the two forms on the page. Form W-3 is not

required because Taunya is a household employer filing only one Form W-2.

**Form 1040.** By April 15, 1996, Taunya files her Form 1040 and reports on Schedule H the employment taxes she owes on the wages she paid for household services in 1995.

Taunya follows the Schedule H instructions to report that she paid cash wages subject to social security and Medicare taxes of \$2,730 during the year. She reports \$338.52 ( $\$2,730 \times$

12.4%) for social security tax and \$79.17 ( $\$2,730 \times 2.9\%$ ) for Medicare tax. Because Taunya did not pay \$1,000 or more in cash wages to household employees in any calendar quarter during 1995 or 1994, she does not owe FUTA tax on wages she paid to Helen or to Sandy.

Taunya owes employment taxes of \$417.69 ( $\$338.52 + \$79.17$ ). She adds that amount to the other taxes reported on her Form 1040.

a Control number 22222		Void <input type="checkbox"/>	For Official Use Only ▶ OMB No. 1545-0008		
b Employer's identification number 10-1234567		1 Wages, tips, other compensation 2938.85		2 Federal income tax withheld	
c Employer's name, address, and ZIP code Taunya Brown 16 Blue Street Orange, CA 92665		3 Social security wages 2730.00		4 Social security tax withheld 169.26	
		5 Medicare wages and tips 2730.00		6 Medicare tax withheld 39.59	
		7 Social security tips		8 Allocated tips	
d Employee's social security number 123-00-4567		9 Advance EIC payment		10 Dependent care benefits	
e Employee's name (first, middle initial, last) Sandy R. Jones		11 Nonqualified plans		12 Benefits included in box 1	
19 Pine Avenue Orange, CA 92665		13 See Instrs. for box 13		14 Other	
		15 Statutory employee <input type="checkbox"/> Deceased <input type="checkbox"/> Pension plan <input type="checkbox"/> Legal emp. <input type="checkbox"/> 942 emp. <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Deferred compensation <input type="checkbox"/>			
f Employee's address and ZIP code		16 State Employer's state I.D. No.		17 State wages, tips, etc.	
		18 State income tax		19 Locality name	
		20 Local wages, tips, etc.		21 Local income tax	

Cat. No. 10134D

Department of the Treasury—Internal Revenue Service

Form **W-2 Wage and Tax Statement 1995**

For Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration

**Do NOT Cut or Separate Forms on This Page**

## Wages Paid in 1994

The following discussions provide information you may need to report and pay employment taxes on wages paid to household employees in 1994. For information on the requirements for paying employment taxes, see the discussion of each tax under *Wages You Pay in*

1995, earlier. See *How To Claim a Credit or Refund*, later, if you paid social security and Medicare taxes for a household employee whose 1994 wages totaled less than \$1,000.

**Employer identification number (EIN).** You must include your EIN on the employment tax returns you file. If you do not have an EIN, see the instructions for getting one at the beginning

of *Reporting and Paying Employment Taxes*, earlier, under *Wages You Pay in 1995*.

## Form 942

You must file a Form 942 for each quarter in 1994 in which you:

- 1) Paid wages subject to social security and Medicare taxes, or

2) Withheld any federal income tax.

You can get Form 942 from your local IRS office or by calling toll-free 1-800-829-3676.

If you own a business as a sole proprietor, you can include the taxes for your household employee on the Form 941, *Employer's Quarterly Federal Tax Return*, filed for your business. (If you include the taxes on Form 941, you must deposit them under the rules that apply to your business employees.) Do **not** include taxes for a household employee on a Form 941 that you file for a partnership or corporation.

If you own or operate a farm, report the taxes for any household work performed for you on the farm by filing Form 943, *Employer's Annual Tax Return for Agricultural Employees*.

**When to file.** File Form 942 by January 31, 1995, to report and pay taxes on wages paid during the last 3 months of 1994.

The chart on page 2 of the Form 942 instructions shows where to send your return.

**Paying the tax.** If you owe tax, write the following information on your check or money order:

- 1) Your EIN,
- 2) "Form 942," and
- 3) The period to which the payment applies.

Make your check or money order payable to "Internal Revenue Service" and send it with your Form 942.

**No tax due.** If you received a Form 942 for a quarter when no tax is due, write "NONE" on line 8, sign and date the form, and return it to the IRS by the due date.

**Final return.** If you do not expect to pay taxable wages in the future, check the box above line 1 on Form 942. If you start paying taxable wages again, notify the IRS.

## Forms W-2 and W-3

If you previously filed a Form 942 for wages paid in 1994, the IRS should have automatically sent Forms W-2 and W-3 to you at the end of 1994. Use the instructions in Notice 587, *Preparing Form W-2 for Your Household Employee*, to prepare the forms. A copy of Notice 587 appears at the end of this publication.

If you paid a household employee \$50 or more in cash wages subject to social security and Medicare taxes in any calendar quarter in 1994, you must give the employee a 1994 Form W-2 by January 31, 1995. A Form W-2 must be filed even though these wages may now be exempt from social security and Medicare taxes because of the new \$1,000 test, discussed earlier. See the special rules on page 2 of Notice 587 for preparing Form W-2 for household employees paid less than \$1,000 in 1994.

Also file Form W-2 for any employee who did not earn at least \$50, but requested income tax withholding or received advance payments of the earned income credit.

By February 28, 1995, send Copy A of Forms W-2 with Form W-3 to the:

Social Security Administration  
Data Operations Center  
Wilkes-Barre, PA 18769

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**Note:** If you had only one household employee during 1994, do not send Form W-3. Send only Copy A of Form W-2. In box 15, check the box labeled "942 emp."

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If you filed a final Form 942 before the end of 1994, Forms W-2 and W-3 will not be sent to you. You can order them by calling toll-free 1-800-829-3676, or you can pick them up at your nearest IRS office.

## Form 940 and Form 940-EZ

The FUTA tax on wages paid in 1994 is reported on Form 940 or Form 940-EZ. Form 940-EZ is a less complicated version of Form 940 and can be used by most household employers. You can use Form 940-EZ if you meet the following three requirements.

- 1) You paid unemployment tax (contributions) to only one state.
- 2) You paid all your state unemployment tax by January 31, the due date of Form 940-EZ.
- 3) Your federal unemployment (FUTA) wages were also taxable for your state's unemployment tax.

If you do not meet these requirements, you must use Form 940 to report your FUTA tax.

Forms 940 and 940-EZ cover one calendar year. To receive your first Form 940 or Form 940-EZ, you must either go to your local IRS office or call toll-free 1-800-829-3676.

**When to file.** Normally, you must file Form 940-EZ or Form 940 for 1994 by January 31, 1995. However, if you made any required deposit of the tax on time and in full, you have until February 10, 1995, to file the return. For more information, see the instructions for Form 940 or Form 940-EZ.

**No tax due.** If you received a Form 940-EZ or Form 940 and are not liable for FUTA tax, write "NOT LIABLE" across the front, sign the return, and mail it to the IRS.

**Payment voucher for Form 940 or Form 940-EZ.** For 1994, if you are required to make a payment of FUTA tax with Form 940 or Form 940-EZ, use the payment voucher at the bottom of the form. For more information, see the instructions for Form 940 or Form 940-EZ.

## How To Claim a Credit or Refund

If you paid social security and Medicare taxes for a household employee to whom you paid cash wages of less than \$1,000 for 1994, you can get a credit or refund of the overpayment. You can claim a credit on Form 942 for the fourth quarter, up to the amount of the taxes

you owe, then claim a refund of any remaining overpayment on Form 843, *Claim for Refund and Request for Abatement*. If you prefer to have all of your overpayment refunded, or if you do not owe fourth quarter taxes, you can claim the full amount on Form 843.

You can use the revised Form 942 or the simplified Form 843 included in the fourth quarter Package 942, *Household Employer Tax Forms*, to claim your credit or refund. Complete the Adjustment Schedule on the back of either form to figure your credit or refund amount. The Form 942 instructions include special *Refund Instructions*, on pages 5 and 6, that explain how to prepare the revised Form 942 or the simplified Form 843, and provide examples with filled-in forms. A copy of those instructions is reprinted at the end of this publication.

If you withheld your employee's share of taxes from his or her wages, you should refund the withheld amount to the employee. If you cannot locate the employee, you can claim a credit or refund for only the employer's share of the taxes. The employee can then file Form 843 to claim a refund for the employee's share. For more information, see *How To Complete Form 843*, on page 6 of the revised Form 942 instructions that have been reprinted at the end of this publication.

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**Note:** You must prepare a Form W-2 for a household employee whose cash wages subject to social security and Medicare taxes during any quarter of 1994 were at least \$50. For special instructions for preparing the form for employees paid less than \$1,000, see page 2 of Notice 587 at the end of this publication.

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## Example 1: Forms 940, 942, W-2, and W-3

George and Susan Adams moved from California to Texas at the end of March 1994. George paid social security and Medicare taxes from January 3, 1994, to March 30, 1994, on wages paid to their housekeeper in California. He paid her \$200 (less withholding for social security and Medicare taxes) a week and gave her a completed Form W-2 on her last day with them. (Her Form W-2 is not illustrated.) He also paid state unemployment tax of \$88.40 (taxable wages of \$2,600 multiplied by his 3.4% contribution rate) to California.

On April 2, 1994, George Adams hired Pat Jones as a housekeeper and babysitter. Pat requested income tax withholding and George agreed. Pat claimed single status and one withholding allowance on her Form W-4. George paid her \$200 (less withholding for social security, Medicare, and federal income taxes) at the end of each week. He also paid state unemployment tax of \$210.60 (taxable wages of \$7,800 multiplied by his 2.7% contribution rate) to Texas.

**Form 942.** George filed Form 942 for *each* quarter in 1994. He filed the fourth quarter



Form 942 on January 31, 1995. He completed the form as follows. (The form is shown later.)

- 1) George entered \$2,600 ( $\$200 \times 13$  weeks) on line 1 and line 3 of Form 942 as the total wages paid during the quarter. He entered the social security tax of \$322.40 ( $\$2,600 \times 12.4\%$ ) on line 2. He entered Medicare tax of \$75.40 ( $\$2,600 \times 2.9\%$ ) on line 4.
- 2) George entered the \$208 of federal income tax he withheld on line 5. George figured this withholding based on the Form W-4 that Pat gave him and the *Single Persons—Weekly Payroll Period Table* in Publication 15. He added the amounts on lines 2, 4, and 5 and entered \$605.80 on line 6.
- 3) Pat did not give George a completed Form W-5 to request advance earned income payments, so he left line 7 blank. He entered the total tax due, \$605.80, on line 8.
- 4) George signs and dates Form 942 and enters \$605.80 in the space for the amount paid with the return on the payment voucher at the bottom of the form.

George sends the return and a check for \$605.80 to the IRS at the address for "Return with payment" listed for his state on page 2 of the Form 942 instructions. He mails the form by January 31, 1995.

**Forms W-2 and W-3.** The IRS automatically sent George Forms W-2 and W-3 near the end of the year. George fills out Form W-2 for Pat (shown later) and gives Pat her copies by January 31, 1995. He finds the copies he kept of his previous housekeeper's Form W-2, then prepares Form W-3 (shown later), marking the "942" checkbox in box b. George sends Copy A of Forms W-2 for the two employees he had during the year along with Form W-3 to the Social Security Administration by February 28, 1995.

**Form 940.** Because he paid at least \$1,000 in cash wages in a calendar quarter, George is liable for FUTA tax. Since he paid state unemployment tax to both California and Texas in

1994, he cannot file Form 940-EZ and must file Form 940.

- 1) George checks the "No" box for Question A above Part I of Form 940 and skips the next two questions.
- 2) George then completes Part I of Form 940. He enters the total wages for both employees of \$10,400 ( $\$200 \times 52$  weeks) on line 1. Since none of their payments were exempt, George makes no entry on line 2. Because his total wage payments to Pat were more than \$7,000, George enters the excess, \$800, on line 3. He also enters \$800 on line 4. This amount is exempt from tax. On line 5, he enters the difference between line 1 and line 4.
- 3) Since George paid wages in two different states, he must figure his FUTA tax in Part II. He enters his gross FUTA tax of \$595.20 on line 1. This is 6.2% of \$9,600, the total taxable wages on line 5 of Part I. He enters the maximum credit, \$518.40 (5.4% of \$9,600) on line 2. George also completes line 3 (blocks a-i), line 3a, and line 3b. He enters all the information concerning the state unemployment taxes paid to California and Texas. He then enters \$518.40 as the credit on line 6. This is the smaller of the amount on line 2 or the amount from line 3b. The total FUTA tax is \$76.80, the difference between the gross FUTA tax on line 1 and the allowable credit on line 6. This amount is entered on line 7 and, since George was not required to make any FUTA tax deposits, again on line 9. This is the amount he owes for the year.
- 4) George signs and dates Form 940 and enters \$76.80 in the space for the amount paid with the return on the payment voucher below Part I.

George sends the return and a check for \$76.80 to the address shown in the Form 940 instructions. George mails Form 940 by January 31, 1995. George writes his employer identification number, the tax period, and the tax form number on the check.

## Example 2: Form 940-EZ

Don and Judy Scott work and keep up a home for themselves and their young child. Don hired Sara Green as a housekeeper to work Monday through Friday, looking after the child, preparing meals, and doing housework. She worked for the Scotts all year and was paid \$1,000 a month.

The state unemployment insurance office issued Don a state reporting number and sent him the required state unemployment tax forms. Don was assigned the state's new-employer contribution rate of 3.9%. (This rate may vary from state to state.) He filed the state returns on time and paid the state tax in full on Sara Green's wages up to the state's wage limit of \$9,000. (This limit may vary from state to state.) Don's total state unemployment tax for 1994 was \$351 ( $.039 \times \$9,000$ ).

Since Don paid wages of over \$1,000 in at least one quarter in 1994, he must file a 1994 Form 940-EZ or Form 940 by January 31, 1995. Don determined he could use Form 940-EZ. He completed the form as follows.

- 1) On line A, Don entered the total contributions paid to the state during the year (\$351). On line B, he entered the state and the state reporting number.
- 2) In Part I, line 1, he entered the total wages paid to Sara Green (\$12,000). On lines 3 and 4, he entered \$5,000 (the amount of wages paid over \$7,000, the maximum amount subject to FUTA tax). On line 5, he entered \$7,000 ( $\$12,000 - \$5,000$ ). On line 6, he multiplied \$7,000 by 0.008 and entered \$56 on line 6 and on line 8.
- 3) Since Don owed less than \$100, he did not complete Part II. Don signed and dated the return and completed the payment voucher at the bottom.

On his check for \$56, Don wrote his federal employer identification number and "1994 Form 940-EZ." He mailed the return and the check to the address shown in the Form 940-EZ instructions.

a Control number <b>22222</b>		Void <input type="checkbox"/>	For Official Use Only ▶ OMB No. 1545-0008			
b Employer's identification number <b>10-9876543</b>		1 Wages, tips, other compensation <b>7800.00</b>		2 Federal income tax withheld <b>624.00</b>		
c Employer's name, address, and ZIP code <b>George M. Adams 718 Poplar Road Austin, TX 78700</b>		3 Social security wages <b>7800.00</b>		4 Social security tax withheld <b>483.60</b>		
		5 Medicare wages and tips <b>7800.00</b>		6 Medicare tax withheld <b>113.10</b>		
		7 Social security tips		8 Allocated tips		
d Employee's social security number <b>123-00-1234</b>		9 Advance EIC payment		10 Dependent care benefits		
e Employee's name (first, middle initial, last) <b>Patricia S. Jones 251 Magnolia Way Austin, TX 78700</b>		11 Nonqualified plans		12 Benefits included in box 1		
		13 See instrs. for box 13		14 Other		
f Employee's address and ZIP code		15 Statutory employee <input type="checkbox"/>	Deceased <input type="checkbox"/>	Pension plan <input type="checkbox"/>	Legal rep. <input type="checkbox"/>	
		942 sep. <input type="checkbox"/>	Subtotal <input type="checkbox"/>	Deferral compensation <input type="checkbox"/>		
16 State Employer's state I.D. No.	17 State wages, tips, etc.	18 State income tax	19 Locality name	20 Local wages, tips, etc.	21 Local income tax	

Cat. No. 10134D

Department of the Treasury—Internal Revenue Service

**W-2 Wage and Tax Statement 1994**

For Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration

**DO NOT STAPLE**

a Control number <b>33333</b>		For Official Use Only ▶ OMB No. 1545-0008			
b Kind of Payer ▶	941 <input type="checkbox"/>	Military <input type="checkbox"/>	943 <input type="checkbox"/>	1 Wages, tips, other compensation <b>10400.00</b>	2 Federal income tax withheld <b>624.00</b>
	CT-1 <input type="checkbox"/>	942 <input checked="" type="checkbox"/>	Medicare govt. emp. <input type="checkbox"/>	3 Social security wages <b>10400.00</b>	4 Social security tax withheld <b>1289.60</b>
c Total number of statements <b>2</b>	d Establishment number			5 Medicare wages and tips <b>10400.00</b>	6 Medicare tax withheld <b>301.60</b>
e Employer's identification number <b>10-9876543</b>		7 Social security tips		8 Allocated tips	
f Employer's name <b>George M. Adams 718 Poplar Road Austin, TX 78700</b>		9 Advance EIC payments		10 Dependent care benefits	
		11 Nonqualified plans		12 Deferred compensation	
g Employer's address and ZIP code		13 Adjusted total social security wages and tips			
		14 Adjusted total Medicare wages and tips			
h Other EIN used this year:		15 Income tax withheld by third-party payer.			
i Employer's state I.D. No.					

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ George M. AdamsTitle ▶ EmployerDate ▶ 2-21-95

Telephone number ( ) \_\_\_\_\_

Form **W-3 Transmittal of Wage and Tax Statements 1994**Department of the Treasury  
Internal Revenue Service

4141

**Employer's Quarterly Tax Return  
 for Household Employees**

OMB No. 1545-0034

(For Social Security, Medicare, and Withheld Income Taxes) See separate instructions.

Your name, address, employer identification number, and calendar quarter of return. (If not correct, please change.)

Name: **George M. Adams**  
 Date quarter ended: **December 31, 1994**  
 Address and ZIP code: **718 Poplar Road  
 Austin, TX 78700**  
 Employer identification number: **10-9876543**

**FOR IRS USE ONLY**

If address is different from prior return, check here.

1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3
4	4	4	5	6	7	7	7	7	7	8	8	8	9	10	10	10	10	10	10	10	10	10	10	10

**Social security and Medicare taxes are due for each household employee to whom you paid cash wages of \$1,000 or more in the calendar year covered by this return. For information on Federal Unemployment (FUTA) Tax, see page 3 of instructions.**

If you do NOT expect to pay taxable wages in the future, check here.

1	Total cash wages subject to social security taxes (see page 1 of instructions)	1	2,600	00
2	Social security taxes (multiply line 1 by 12.4% (.124))	2	322	40
3	Total cash wages subject to Medicare taxes (see page 1 of instructions)	3	2,600	00
4	Medicare taxes (multiply line 3 by 2.9% (.029))	4	75	40
5	Federal income tax withheld (if requested by your employee) (see page 2 of instructions)	5	208	00
6	Total taxes (add lines 2, 4, and 5). See instructions. Enter the amount from line 5 of Adjustment Schedule on page 2 here ▶ \$	6	605	80
7	Advance earned income credit (EIC) payments ONLY, if any (see page 2 of instructions)	7		
8	Total taxes due (subtract line 7 from line 6). Pay this amount to the Internal Revenue Service. If no tax is due, write NONE. Send Form 942 and your payment to your Internal Revenue Service Center (see Where To File on page 2 of instructions).	8	605	80

**Important: You MUST give a Form W-2 to each employee and file Copy A with the Social Security Administration—see page 3 of instructions.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of employer ▶ **George M. Adams**

Date ▶ **1-31-95**

**See separate instructions for information on completing this form.**

**Employer's Annual Federal  
Unemployment (FUTA) Tax Return**

► For Paperwork Reduction Act Notice, see separate instructions.

**1994**

Name (as distinguished from trade name) Calendar year  
**George M. Adams** **1994**  
 Trade name, if any

Address and ZIP code Employer identification number  
**718 Poplar Road Austin, TX 78700** **1019876543**

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- A** Are you required to pay unemployment contributions to only one state? (If no, skip questions B and C.) . . .  Yes  No
- B** Did you pay all state unemployment contributions by January 31, 1995? (If a 0% experience rate is granted, check "Yes.") (If no, skip question C.) . . . . .  Yes  No
- C** Were all wages that were taxable for FUTA tax also taxable for your state's unemployment tax? . . . . .  Yes  No
- If you answered "No" to any of these questions, you must file Form 940. If you answered "Yes" to all the questions, you may file Form 940-EZ, which is a simplified version of Form 940. You can get Form 940-EZ by calling 1-800-TAX-FORM (1-800-829-3676).

If you will not have to file returns in the future, check here, complete, and sign the return . . . . . ►   
 If this is an Amended Return, check here . . . . . ►

**Part I Computation of Taxable Wages**

<b>1</b> Total payments (including exempt payments) during the calendar year for services of employees.	<b>1</b>	<b>10,400 00</b>
<b>2</b> Exempt payments. (Explain each exemption shown, attach additional sheets if necessary.) ►	<b>2</b>	
<b>3</b> Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. Do not include payments from line 2. The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use the state wage limitation	<b>3</b>	<b>800 00</b>
<b>4</b> Total exempt payments (add lines 2 and 3)	<b>4</b>	<b>800 00</b>
<b>5</b> Total taxable wages (subtract line 4 from line 1)	<b>5</b>	<b>9,600 00</b>

Be sure to complete both sides of this return and sign in the space provided on the back. Cat. No. 112340 Form **940** (1994)

**DO NOT DETACH**

**Form 940 Payment Voucher**

**1994**

Complete boxes 1, 2, 6, and 7. Do not send cash and do not staple your payment to this voucher. Make your check or money order payable to the Internal Revenue Service. If tax due is over \$100, make the deposit with Form 8109.

<b>1</b> Your employer identification number <b>1019876543</b>	<b>2</b> Enter the first four letters of your business name <b>AIDIAM</b>	<b>3</b> MFT <b>10</b>	<b>4</b> Tax year <b>9412</b>	<b>5</b> Transaction code <b>810</b>
<b>6</b> Your business name and address <b>George M. Adams 718 Poplar Road Austin, TX 78700</b>				<b>7</b> Amount of payment <b>\$ 76.80</b>

Do not staple your payment to this voucher. Do not send cash.

**Part II Tax Due or Refund**

1	Gross FUTA tax. Multiply the wages in Part I, line 5, by .062 . . . . .							1	595	20
2	Maximum credit. Multiply the wages in Part I, line 5, by .054 . . . . .							2	518	40
<b>3 Computation of tentative credit (Note: All taxpayers must complete the applicable columns.)</b>										
(a) Name of state	(b) State reporting number(s) as shown on employer's state contribution returns	(c) Taxable payroll (as defined in state act)	(d) State experience rate period		(e) State ex- perience rate	(f) Contributions if rate had been 5.4% (col. (c) x .054)	(g) Contributions payable at experience rate (col. (c) x col. (e))	(h) Additional credit (col. (f) minus col. (g)). If 0 or less, enter -0-	(i) Contributions actually paid to state	
			From	To						
CA	000000-89	2,600.00	1-3-94	3-30-94	5.4	140.40	140.40	-0-	140.40	
TX	000000-34	7,800.00	4-2-94	12-31-94	5.4	421.20	421.20	-0-	421.20	
<b>3a Totals . . . ▶</b>								-0-	561.60	
<b>3b Total tentative credit (add line 3a, columns (f) and (i) only—see Instructions for limitations on late payments) ▶</b>								561	60	
4										
5										
6	Credit: Enter the smaller of the amount in Part II, line 2, or line 3b. . . . .							6	518	40
7	Total FUTA tax (subtract line 6 from line 1) . . . . .							7	76	80
8	Total FUTA tax deposited for the year, including any overpayment applied from a prior year . . . . .							8		
9	Balance due (subtract line 8 from line 7). This should be \$100 or less. Pay to the Internal Revenue Service. See page 3 of the Instructions for Form 940 for details . . . ▶							9	76	80
10	Overpayment (subtract line 7 from line 8). Check if it is to be: <input type="checkbox"/> Applied to next return, or <input type="checkbox"/> Refunded . . . ▶							10		

**Part III Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability)**

Quarter	First	Second	Third	Fourth	Total for year
Liability for quarter					

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was or is to be deducted from the payments to employees.

Signature ▶ George M. Adams Title (Owner, etc.) ▶ Employer Date ▶ 1-31-95

**Employer's Annual Federal  
Unemployment (FUTA) Tax Return**

**1994**

Name (as distinguished from trade name) Donald M. Scott Calendar year 1994  
Trade name, if any \_\_\_\_\_  
Address and ZIP code 432 Evergreen Avenue New Haven, CT 06511 Employer identification number 10:7654321

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Follow the chart under *Who May Use Form 940-EZ* on page 2. If you cannot use Form 940-EZ, you must use Form 940 instead.

- A Enter the amount of contributions paid to your state unemployment fund. (See instructions for line A on page 4.) ▶ \$ 351.00  
B (1) Enter the name of the state where you have to pay contributions ▶ Connecticut  
(2) Enter your state reporting number as shown on state unemployment tax return. ▶ 2345-67890

If you will not have to file returns in the future, check here (see *Who Must File*, on page 2) complete, and sign the return . . . . .   
If this is an Amended Return check here . . . . .

**Part I Taxable Wages and FUTA Tax**

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	<u>12,000</u>	<u>00</u>
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶	2		
3	Payments for services of more than \$7,000. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. Do not use your state wage limitation. The \$7,000 amount is the Federal wage base. Your state wage base may be different	3	<u>5,000</u>	<u>00</u>
4	Total exempt payments (add lines 2 and 3)	4	<u>5,000</u>	<u>00</u>
5	Total taxable wages (subtract line 4 from line 1)	5	<u>7,000</u>	<u>00</u>
6	FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	<u>56</u>	<u>00</u>
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year (from your records)	7		
8	Amount you owe (subtract line 7 from line 6). This should be \$100 or less. Pay to "Internal Revenue Service."	8	<u>56</u>	<u>00</u>
9	Overpayment (subtract line 6 from line 7). Check if it is to be: <input type="checkbox"/> Applied to next return, or <input type="checkbox"/> Refunded ▶	9		

**Part II Record of Quarterly Federal Unemployment Tax Liability** (Do not include state liability.) Complete only if line 6 is over \$100.

Quarter	First (Jan. 1 - Mar. 31)	Second (Apr. 1 - June 30)	Third (July 1 - Sept. 30)	Fourth (Oct. 1 - Dec. 31)	Total for year
Liability for quarter					

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

Signature ▶ Donald M. Scott Title (Owner, etc.) ▶ Employer Date ▶ 1-31-95

Cat. No. 10983G

Form **940-EZ** (1994)

**DO NOT DETACH**

**Form 940-EZ Payment Voucher**

**1994**

Complete boxes 1, 2, 6, and 7. Do not send cash and do not staple your payment to this voucher. Make your check or money order, with your employer identification number clearly written on it, payable to the Internal Revenue Service.

1 Your employer identification number <u>10:7654321</u>	2 Enter the first four letters of your business name <u>SCOT</u>	3 MFT <u>10</u>	4 Tax year <u>9412</u>	5 Transaction code <u>610</u>
6 Your name and address <u>Donald M. Scott</u> <u>432 Evergreen Avenue</u> <u>New Haven, CT 06511</u>			7 Amount of payment \$ <u>56.00</u>	

Do not staple your payment to this voucher. Do not send cash.



# Preparing Form W-2 for Your Household Employee

## Important Change for 1994

A new law eliminates the requirement for household employers to report and pay social security and Medicare taxes for employees to whom they paid cash wages of less than \$1,000 for household work in 1994. But household employers must still give Form W-2 to any employee to whom they paid at least \$50 cash wages in any calendar quarter in 1994.

Household employers who paid any employee cash wages of at least \$50 in any quarter but less than \$1,000 in all of 1994 should follow the special rules on page 2 for preparing Form W-2.

## Preparing Form W-2 for Household Employees Paid \$1,000 or More in 1994

Here's how to complete Form W-2, Wage and Tax Statement, for your household employee to whom you paid \$1,000 or more in 1994. Please type or print the entries, if possible, using black ink. Make all dollar entries without the dollar sign and comma but with the decimal point (0000.00). Show the cents portion of the money amounts.

**Box b**—Enter the employer identification number assigned to you by the Internal Revenue Service. It is shown on the Form 942 that you file quarterly with the IRS.

**Box c**—Enter your own name and address.

**Box d**—Enter the employee's social security number exactly as shown on the employee's social security card.

**Box e**—Enter the employee's name exactly as shown on the employee's social security card.

**Box f**—Enter the employee's complete mailing address.

**Box 1**—Enter the total wages paid. This figure is usually the same as box 3 and box 5, but if you paid the employee's share of social security

a Control number 22222		Void <input type="checkbox"/>	For Official Use Only OMB No. 1545-0048	
b Employer's identification number 00-0000000		1 Wages, tips, other compensation 5000.00	2 Federal income tax withheld	
c Employer's name, address, and ZIP code Mary S. Employer 218 Main St. Anytown, MD 21611		3 Social security wages 5000.00	4 Social security tax withheld 310.00	
d Employee's social security number 000-11-0000		6 Medicare wages and tips 5000.00	8 Medicare tax withheld 72.50	
e Employee's name (first, middle initial, last) Jane R. Doe		7 Social security tips	8 Allocated tips	
f Employee's address and ZIP code 1642 Any St. Anycity, MD 21041		9 Advance EIC payment	10 Dependent care benefits	
g Employee's address and ZIP code		11 Nonqualified plans	12 Benefits included in box 1	
18 State		17 State wages, tips, etc.	18 State income tax	19 Locality name
20 Local wages, tips, etc.		21 Local income tax		
15 Statutory employee <input type="checkbox"/>		Decayed <input type="checkbox"/>	Pension <input type="checkbox"/>	Legal <input type="checkbox"/>
		942 emp. <input checked="" type="checkbox"/>	Social <input type="checkbox"/>	Other <input type="checkbox"/>

Cat. No. 10134D

Department of the Treasury—Internal Revenue Service

## Form W-2 Wage and Tax Statement 1994

For Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration

**Note:** If you pay the employee's share of social security and Medicare taxes rather than withhold them from the employee's wages, enter the appropriate amount in box 4 and box 8 as if they had been withheld, and include the amounts as other compensation in box 1. However, do not include the amounts as social security wages in box 3 nor as Medicare wages in box 5. In this example, if you had paid the employee's social security and Medicare taxes, the box 1 amount would be \$5382.50. The amounts in the other boxes would stay the same.

and Medicare taxes, box 1 will generally be the amount in either box 3 or box 5 plus the total of boxes 4 and 6.

**Box 2**—If you withheld Federal income tax from the employee's wages, enter the amount here.

**Box 3**—Enter the total cash wages subject to social security tax. Do not show more than \$60,600 in this box for 1994. DO NOT include as social security wages any employee's share of social security taxes you paid.

**Box 4**—Enter the total social security tax withheld from the employee (or paid by you on behalf of that person). Do not include the employer's share of social security tax.

**Box 5**—Enter the total cash wages paid that are subject to Medicare tax. For 1994, the wage base limit for Medicare tax has been eliminated. All 1994 wages are subject to Medicare tax. Do not include as Medicare wages any employee's share of Medicare taxes you paid.

**Box 6**—Enter the total Medicare tax withheld from the employee (or paid by you on behalf of that person). Do not include the employer's share of Medicare tax.

**Box 9**—Enter the total amount (if any) paid to the employee as advance earned income credit (EIC).

**Box 15**—If you had only one employee last year, put an X in the "942 emp." box and send only Copy A to the Social Security Administration. If you had more than one employee, leave the "942 emp." box blank, and file Form W-3, Transmittal of Wage and Tax Statements, with the W-2 forms.

**Caution:** If you file Form W-3, be sure to put an X in the "942" box on the Form W-3.

## Mailing Instructions

Household employers should send Form W-2, Copy A (and Form W-3 if they had more than one employee) to:

**Social Security Administration  
Data Operations Center  
Wilkes-Barre, PA 18769**

Send your Form 942 and any tax payment to the Internal Revenue Service. See the Form 942 instructions for the correct IRS address.

## Preparing Form W-2 for Household Employees Paid Less Than \$1,000 in 1994

Use the following instructions to prepare Form W-2 for each employee to whom you paid cash wages of at least \$50 in any calendar quarter in 1994, but less than \$1,000 in the entire year.

**Please type or print the entries, if possible, using black ink.** Make all dollar entries without the dollar sign and comma but with the decimal point (0000.00). Show the cents portion of the money amounts.

**Box b**—Enter the employer identification number assigned to you by the Internal Revenue Service. It is shown on the Form 942 that you filed quarterly with the IRS.

**Box c**—Enter your own name and address.

**Box d**—Enter the employee's social security number exactly as shown on the employee's social security card.

**Box e**—Enter the employee's name exactly as shown on the employee's social security card.

**Box f**—Enter the employee's complete mailing address.

**Box 1**—Enter the total wages paid in 1994. DO NOT include the employee's share of social security and Medicare taxes you paid.

**Box 2**—Enter any Federal income tax withheld from the employee's wages.

**Box 3**—Enter the total cash wages paid in 1994, if you paid at least \$50 in any calendar quarter, but less than \$1,000 in the entire year. DO NOT include as social security wages any employee's share of social security tax you paid rather than withheld from the employee's wages.

**Box 4**—Enter the total social security tax you withheld from the employee, but have not refunded or obtained written consent to get the refund on the employee's behalf.

**Box 5**—Enter the total cash wages paid in 1994, if you paid at least \$50 in any calendar quarter, but less than \$1,000 in 1994. DO NOT include as Medicare wages any employee's share of Medicare tax you paid rather than withheld from the employee's wages.

a Control number 22222		Void <input type="checkbox"/>		For Official Use Only OMB No. 1545-0048	
b Employer's identification number 00-000000		1 Wages, tips, other compensation 800.00		2 Federal income tax withheld	
c Employer's name, address, and ZIP code Jean A. Lake 219 Main Street Anytown, MD 21611		3 Social security wages 800.00		4 Social security tax withheld	
		5 Medicare wages and tips 800.00		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Employee's social security number 000-11-0000		9 Advance EIC payment		10 Dependent care benefits	
e Employee's name (first, middle initial, last) George R. Doe  2542 Any Street Anycity, MD 21041		11 Nonqualified plans		12 Benefits included in box 7	
		13 See instr. for box 13		14 Other	
f Employee's address and ZIP code		15 Retiring employee <input type="checkbox"/>		16 Deceased <input type="checkbox"/>	
		17 Pension plan <input type="checkbox"/>		18 Legal rep. <input type="checkbox"/>	
		19 942 emp. <input type="checkbox"/>		20 Federal <input type="checkbox"/>	
		21 Deferral cooperation <input type="checkbox"/>			
18 State	Employee's state I.D. No.	17 State wages, tips, etc.	16 State income tax	15 Locality name	14 Local wages, tips, etc.
					21 Local income tax

Cat. No. 101340

Department of the Treasury—Internal Revenue Service

## Form W-2 Wage and Tax Statement 1994

Per Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration

**Box 6**—Enter the total Medicare tax you withheld from the employee, but have not refunded or obtained written consent to get the refund on the employee's behalf.

**Box 9**—Enter the total amount of any advance earned income credit (EIC) payments you made to the employee.

**Box 15**—If you had only one employee last year, put an X in the "942 emp." box and send only Copy A to the Social Security Administration. If you had more than one employee, leave the "942 emp." box blank, and file Form W-3, Transmittal of Wage and Tax Statements, with Copy A of the W-2 forms.

**Caution:** If you file Form W-3, be sure to put an X in the "942" box on the Form W-3.

### Mailing Instructions

Household employers should send Form W-2, Copy A (and Form W-3 if they had more than one employee) to:

**Social Security Administration  
Data Operations Center  
Wilkes-Barre, PA 18709**

Send your Form 942 and any tax payment to the Internal Revenue Service. See the Form 942 instructions for the correct IRS address.

### Example 1:

Jean A. Lake paid George R. Doe \$800 for household work in the second quarter of 1994. George Doe did not request income tax withholding or advance EIC payments. Mrs. Lake timely filed Form 942 for the second quarter and paid \$122.40 for social security and Medicare taxes. None of the \$122.40 was withheld from Mr. Doe's wages. Mrs. Lake intends to file a claim for refund of the social security and Medicare taxes she paid. By January 31, 1995, she completes Form W-2 as follows (see filled-in sample above):

Box 1. 800.00 (\$800 wages entered does not include the employee's share of social security and Medicare taxes paid by Mrs. Lake).  
Box 3. 800.00 (social security wages).

Box 4. Leave blank.

Box 5. 800.00 (Medicare wages).

Box 6. Leave blank.

### Example 2:

The situation is the same except Mrs. Lake withheld social security and Medicare taxes from Mr. Doe's wages. She did not refund the withheld amounts or get written consent from Mr. Doe to claim the refund on his behalf. Mrs. Lake enters 49.60 in Box 4 and 11.60 in Box 6.



# REFUND INSTRUCTIONS

## How To Get a Refund for Any Household Employee to Whom You Paid Less Than \$1,000 in 1994

You can get a refund of social security and Medicare taxes on wages paid in 1994 for any household employee to whom you paid cash wages of less than \$1,000. You can get your refund by reducing any tax you owe on your Form 942 for the fourth quarter (but not below zero). You can claim any remaining amount on Form 843, Claim for Refund and Request for Abatement. Or, if you prefer, you can file Form 843 for the entire refund.

**Note:** Interest will be paid on refunds claimed on Form 843, but not on credits claimed on Form 942 to reduce your fourth quarter tax liability.

Use the Adjustment Schedule for Household Employment Taxes (on the back of Forms 942 and 843) to figure your refund or credit for social security and Medicare taxes paid for each employee to whom you paid cash wages of less than \$1,000 in 1994.

To claim any amounts withheld from the employee's pay, you must have returned those amounts to the employee or obtained written consent from the employee to claim them. You can use the consent statement on this page or your own statement as long as it includes the employee's name, SSN, overpaid tax amount, signature and date, and a statement that the employee has not and will not claim a refund or credit of this amount. Keep this consent or statement for your records. Do not submit it to IRS.

In addition to the employer's share of social security and Medicare taxes that you paid, any amount of the employee's share you paid rather than withheld from the employee's wages belongs to you. You may claim a credit or refund of this amount without getting the employee's consent to claim it.

### Example 1

Jean Lake paid a household employee \$600 in the second quarter of 1994. She timely filed Form 942 and paid \$91.80 for social security and Medicare taxes. She paid a second household employee \$800 in the third quarter and timely filed Form 942 and paid \$122.40 in taxes. She paid the employee's share of taxes for both employees rather than withhold the taxes from their wages. Jean Lake does not need written consent to claim the employee share because she did not withhold the social security and Medicare taxes from the employees' pay. She completes the adjustment schedule as shown in Example 1 on this page and claims \$214.20 on line 2 of Form 843.

### Example 2

The facts are the same except Jean Lake withheld the taxes from the second employee's pay. She neither refunds the withheld taxes nor gets written consent from the second employee to claim the employee's share. Jean Lake does not file Form 942 for the fourth quarter for a credit. She completes the schedule as shown in example 2 on this page, and claims \$163.00 on line 2 of Form 843. See Example 2a on page 6.

The employee, George R. Doe, must file Form 843 to get a refund of the employee share (\$61.20). See Example 2b on page 6.

### Example 1

**Adjustment Schedule for Household Employment Taxes**

Complete line 1 for each household employee for whom you paid social security and Medicare taxes for any of the first three quarters of 1994, but do not include employees to whom you paid wages of \$1,000 or more during 1994.  
(If you need more space, attach a separate sheet.)

1	4 Name and social security number of household employee	5 Total taxes social security wages (see 2 of Form 942)	6 Quarter wages were paid	Wages for which you are claiming— (complete only one column per employee)	
				7 1994 employer's and employee's share. Amount reported for withheld amounts not repaid to employee	8 ONLY employer's share
	Judy L. Doe 111 - 00 - 1111	\$ 600.00	1st Quarter	\$	\$
			2nd Quarter	\$ 600.00	\$
			3rd Quarter	\$	\$
	George R. Doe 222 - 00 - 2222	\$ 800.00	1st Quarter	\$	\$
			2nd Quarter	\$	\$
			3rd Quarter	\$ 800.00	\$
	-	\$	1st Quarter	\$	\$
			2nd Quarter	\$	\$
			3rd Quarter	\$	\$
2	<b>Totals</b>			\$ 9 1400.00	\$
3	Tax rate			\$ x .188	x .0765
4	Multiply line 2 by line 3			4 \$ 214.20	\$
5	Total social security and Medicare tax adjustment. Add columns (5) and (6) of line 4 and enter the total here			\$ 214.20	\$ 714.20
6	Amount included in line 5 that was claimed as a credit on Form 942			\$	\$
7	Subtract line 6 from line 5 and enter the result here. Also enter this amount on Form 843, line 2.			7 \$ 214.20	\$

### Example 2

**Adjustment Schedule for Household Employment Taxes**

Complete line 1 for each household employee for whom you paid social security and Medicare taxes for any of the first three quarters of 1994, but do not include employees to whom you paid wages of \$1,000 or more during 1994.  
(If you need more space, attach a separate sheet.)

1	4 Name and social security number of household employee	5 Total taxes social security wages (see 2 of Form 942)	6 Quarter wages were paid	Wages for which you are claiming— (complete only one column per employee)	
				7 1994 employer's and employee's share. Amount reported for withheld amounts not repaid to employee	8 ONLY employer's share
	Judy L. Doe 111 - 00 - 1111	\$ 600.00	1st Quarter	\$	\$
			2nd Quarter	\$ 600.00	\$
			3rd Quarter	\$	\$
	George R. Doe 222 - 00 - 2222	\$ 800.00	1st Quarter	\$	\$
			2nd Quarter	\$	\$
			3rd Quarter	\$	\$ 800.00
	-	\$	1st Quarter	\$	\$
			2nd Quarter	\$	\$
			3rd Quarter	\$	\$
2	<b>Totals</b>			\$ 600.00	\$ 800.00
3	Tax rate			\$ x .188	x .0765
4	Multiply line 2 by line 3			4 \$ 61.20	\$ 61.20
5	Total social security and Medicare tax adjustment. Add columns (5) and (6) of line 4 and enter the total here			\$ 61.20	\$ 163.00
6	Amount included in line 5 that was claimed as a credit on Form 942			\$	\$
7	Subtract line 6 from line 5 and enter the result here. Also enter this amount on Form 843, line 2.			7 \$ 163.00	\$

### Employee Consent for Employer To Claim Refund

Employee's name \_\_\_\_\_  
 Social security number \_\_\_\_\_ Overpaid tax amount \$ \_\_\_\_\_  
 I authorize \_\_\_\_\_ to recover the overpaid social security and Medicare taxes withheld from my pay in 1994. I have not claimed and will not claim a refund or credit of this amount.  
 Employee's signature \_\_\_\_\_ Date \_\_\_\_\_

**Form 843**

Use this simplified form to get a refund of social security and Medicare taxes if either 1, 2, or 3 below applies:

- 1. You are a household employer who:**
  - paid every household employee cash wages of less than \$1,000 each in 1994, and
  - filed Form 942 in any of the first three quarters of 1994 and paid social security and Medicare taxes for these employees.
- 2. You are a household employer who:**
  - paid some, but not all, household employees cash wages of at least \$1,000 in 1994,
  - paid social security and Medicare taxes for employees to whom you paid less than \$1,000, and
  - did not claim credit for all of these taxes on your fourth quarter Form 942.
- 3. You are a household employee who:**
  - was paid cash wages of less than \$1,000 in 1994 by any household employer,
  - had social security and Medicare taxes withheld from your pay,
  - did not get a refund of the withheld amounts from your employer, and
  - did not give your employer written consent to claim these taxes.

**How To Complete Form 843**

Employers and employees should complete only the unshaded lines on Form 843—just four steps—to get a refund. **Caution:** Only the employer or employee may claim the employee's share of social security and Medicare tax.

- |  |  |
|--|--|
| <p><b>Employer</b></p> <ol style="list-style-type: none"> <li>Name, current address, address on last filed return (if different), and employer identification number</li> <li>Complete the Adjustment Schedule on back of Form 843</li> <li>Enter on line 2 the amount from line 7 of Adjustment Schedule on back of the form</li> <li>Signature and date</li> </ol> | <p><b>Employee</b></p> <ol style="list-style-type: none"> <li>Name, current address, and social security number</li> <li>Enter on line 2 the total of amounts in box 4 and box 6 of your 1994 Form W-2</li> <li>Attach a copy of Form W-2 from your household employer and a statement showing the calendar quarters in which the amount on line 2, Form 843, was withheld from your pay.</li> <li>Signature and date</li> </ol> |
|--|--|

Employers send Form 843 to the Internal Revenue Service Center address (not P.O. box) listed under **Where To File** on page 2. Employees send Form 843, the statement, and a copy of Form W-2 from their household employer to the same address they mail their Form 1040, Form 1040A, or Form 1040EZ, whichever applies.

**Example 2a (employer)**

**Claim for Refund and Request for Abatement**

Form **843**  
Rev. January 1994  
Department of the Treasury  
Internal Revenue Service

OMB No. 1545-0044  
Expires 1-01-97

Use this unshaded form **ONLY** to file for a refund of 1994 Household Employment Taxes. Complete only the unshaded lines.

Name of employer <b>James A. Smith</b>	For use by employees only	Your social security number
Address (number, street, and room or suite no.) <b>212 Main Street</b>		Employer identification number <b>00-1-000000</b>
City or town, state, and ZIP code <b>Annapolis, MD 21411</b>	For use by employers only	Employer telephone number <b>1-202-555-0000</b>
Name and address shown on return if different from above		
Amount to be refunded or abated <b>\$ 183.00</b>		

**EMPLOYERS enter refund from schedule on back. EMPLOYEES enter total of amounts shown in boxes 4 and 6 on Form(s) W-2. Employees do not need to complete Adjustment Schedule on back.**

**FOUR-STEP ADJUSTMENT SCHEDULE FOR HOUSEHOLD EMPLOYERS**

Household employees can file the modified Form 843 and attach a copy of their Form W-2 to get a refund if they did not give their employer written consent to claim the refund. Employees must show the following on Form 843:

- Name, current address, social security number, and employer telephone number.
- Total amounts from boxes 4 and 6 of your 1994 Form(s) W-2 from each household employer who paid you less than \$1,000. Be sure to attach Form(s) W-2 from your household employer(s).
- Signature and date.

You must also attach a statement showing the calendar quarters in which the amounts you want refunded were withheld from your pay. If you are not certain, give your best estimate. Mail Form 843, your Form W-2, and the statement to the same address you mail your income tax return.

I certify that I have not been reimbursed by my employer and I have not authorized my employer to recover any social security and Medicare taxes withheld from my pay in 1994 as a household employee.

Under penalty of perjury, I declare that I have prepared this claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature (This is not a tax return. It is not to be signed by an officer.)  
**James A. Smith** 1/28/94

For Paperwork Reduction Act Notice, see separate instructions. OMB No. 1545-0044 Form 843 (Rev. 1-94)

**Example 2b (employee)**

**Claim for Refund and Request for Abatement**

Form **843**  
Rev. January 1994  
Department of the Treasury  
Internal Revenue Service

OMB No. 1545-0044  
Expires 1-01-97

Use this unshaded form **ONLY** to file for a refund of 1994 Household Employment Taxes. Complete only the unshaded lines.

Name of statement <b>George E. Doe</b>	For use by employees only	Your social security number
Address (number, street, and room or suite no.) <b>2552 Annapolis</b>		Employer identification number
City or town, state, and ZIP code <b>Annapolis, MD 21401</b>	For use by employers only	Employer telephone number
Name and address shown on return if different from above		
Amount to be refunded or abated <b>\$ 61.20</b>		

**EMPLOYERS enter refund from schedule on back. EMPLOYEES enter total of amounts shown in boxes 4 and 6 on Form(s) W-2. Employees do not need to complete Adjustment Schedule on back.**

**FOUR-STEP ADJUSTMENT SCHEDULE FOR HOUSEHOLD EMPLOYEES**

Household employees can file the modified Form 843 and attach a copy of their Form W-2 to get a refund if they did not give their employer written consent to claim the refund. Employees must show the following on Form 843:

- Name, current address, social security number, and employer telephone number.
- Total amounts from boxes 4 and 6 of your 1994 Form(s) W-2 from each household employer who paid you less than \$1,000. Be sure to attach Form(s) W-2 from your household employer(s).
- Signature and date.

You must also attach a statement showing the calendar quarters in which the amounts you want refunded were withheld from your pay. If you are not certain, give your best estimate. Mail Form 843, your Form W-2, and the statement to the same address you mail your income tax return.

I certify that I have not been reimbursed by my employer and I have not authorized my employer to recover any social security and Medicare taxes withheld from my pay in 1994 as a household employee.

Under penalty of perjury, I declare that I have prepared this claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature (This is not a tax return. It is not to be signed by an officer.)  
**George E. Doe** 1/28/94

For Paperwork Reduction Act Notice, see separate instructions. OMB No. 1545-0044 Form 843 (Rev. 1-94)

**EMPLOYEE SOCIAL SECURITY (6.2%) AND MEDICARE (1.45%) TAX DEDUCTION TABLE**  
 (See Circular E for income tax withholding tables.)

Note: Use this table to figure the amount of social security and Medicare taxes to deduct from each wage payment. For example, on a wage payment of \$180, the employee social security tax is \$11.16 (\$6.20 tax on \$100 plus \$4.96 on \$80 wages). The employee Medicare tax is \$2.61 (\$1.45 tax on \$100 plus \$1.16 on \$80 wages).

If wage payment is:	The social security tax to be deducted is:	The Medicare tax to be deducted is:	If wage payment is:	The social security tax to be deducted is:	The Medicare tax to be deducted is:	If wage payment is:	The social security tax to be deducted is:	The Medicare tax to be deducted is:
\$ 1.00	.06	.01	\$36.00	\$2.23	.52	\$71.00	\$4.40	\$1.03
2.00	.12	.03	37.00	2.25	.54	72.00	4.46	1.04
3.00	.19	.04	38.00	2.36	.55	73.00	4.53	1.06
4.00	.25	.06	39.00	2.42	.57	74.00	4.59	1.07
5.00	.31	.07	40.00	2.48	.58	75.00	4.65	1.09
6.00	.37	.09	41.00	2.54	.59	76.00	4.71	1.10
7.00	.43	.10	42.00	2.60	.61	77.00	4.77	1.12
8.00	.50	.12	43.00	2.67	.62	78.00	4.84	1.13
9.00	.56	.13	44.00	2.73	.64	79.00	4.90	1.15
10.00	.62	.15	45.00	2.79	.65	80.00	4.96	1.16
11.00	.68	.16	46.00	2.85	.67	81.00	5.02	1.17
12.00	.74	.17	47.00	2.91	.68	82.00	5.08	1.19
13.00	.81	.19	48.00	2.98	.70	83.00	5.15	1.20
14.00	.87	.20	49.00	3.04	.71	84.00	5.21	1.22
15.00	.93	.22	50.00	3.10	.73	85.00	5.27	1.23
16.00	.99	.23	51.00	3.16	.74	86.00	5.33	1.25
17.00	1.05	.25	52.00	3.22	.75	87.00	5.39	1.26
18.00	1.12	.26	53.00	3.29	.77	88.00	5.46	1.28
19.00	1.18	.28	54.00	3.35	.78	89.00	5.52	1.29
20.00	1.24	.29	55.00	3.41	.80	90.00	5.58	1.31
21.00	1.30	.30	56.00	3.47	.81	91.00	5.64	1.32
22.00	1.36	.32	57.00	3.53	.83	92.00	5.70	1.33
23.00	1.43	.33	58.00	3.60	.84	93.00	5.77	1.35
24.00	1.49	.35	59.00	3.66	.86	94.00	5.83	1.36
25.00	1.55	.36	60.00	3.72	.87	95.00	5.89	1.38
26.00	1.61	.38	61.00	3.78	.88	96.00	5.95	1.39
27.00	1.67	.39	62.00	3.84	.90	97.00	6.01	1.41
28.00	1.74	.41	63.00	3.91	.91	98.00	6.08	1.42
29.00	1.80	.42	64.00	3.97	.93	99.00	6.14	1.44
30.00	1.86	.44	65.00	4.03	.94	100.00	6.20	1.45
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33.00	2.05	.48	68.00	4.22	.99			
34.00	2.11	.49	69.00	4.28	1.00			
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## List of Tax Publications for Individuals

### General Guides

- 1 . . . . . Your Rights as a Taxpayer
- 17 . . . . . Your Federal Income Tax
- 225 . . . . . Farmer's Tax Guide
- 334 . . . . . Tax Guide for Small Business
- 509 . . . . . Tax Calendars for 1995
- 553 . . . . . Highlights of 1994 Tax Changes
- 910 . . . . . Guide to Free Tax Services  
(includes a list of publications)

### Specialized Publications

- 3 . . . . . Tax Information for Military Personnel (Including Reservists Called to Active Duty)
- 54 . . . . . Tax Guide for U.S. Citizens and Resident Aliens Abroad
- 378 . . . . . Fuel Tax Credits and Refunds
- 448 . . . . . Federal Estate and Gift Taxes
- 483 . . . . . Travel, Entertainment, and Gift Expenses
- 501 . . . . . Exemptions, Standard Deduction, and Filing Information
- 502 . . . . . Medical and Dental Expenses
- 503 . . . . . Child and Dependent Care Expenses
- 504 . . . . . Divorced or Separated Individuals
- 505 . . . . . Tax Withholding and Estimated Tax
- 508 . . . . . Educational Expenses
- 513 . . . . . Tax Information for Visitors to the United States
- 514 . . . . . Foreign Tax Credit for Individuals
- 516 . . . . . Tax Information for U.S. Government Civilian Employees Stationed Abroad
- 517 . . . . . Social Security and Other Information for Members of the Clergy and Religious Workers
- 519 . . . . . U.S. Tax Guide for Aliens
- 520 . . . . . Scholarships and Fellowships
- 521 . . . . . Moving Expenses
- 523 . . . . . Selling Your Home
- 524 . . . . . Credit for the Elderly or the Disabled
- 525 . . . . . Taxable and Nontaxable Income
- 526 . . . . . Charitable Contributions
- 527 . . . . . Residential Rental Property
- 529 . . . . . Miscellaneous Deductions
- 530 . . . . . Tax Information for First-Time Homeowners

- 531 . . . . . Reporting Tip Income
- 538 . . . . . Self-Employment Tax
- 534 . . . . . Depreciation
- 537 . . . . . Installment Sales
- 541 . . . . . Tax Information on Partnerships
- 544 . . . . . Sales and Other Dispositions of Assets
- 547 . . . . . Nonbusiness Disasters, Casualties, and Thefts
- 550 . . . . . Investment Income and Expenses
- 551 . . . . . Basis of Assets
- 552 . . . . . Recordkeeping for Individuals
- 554 . . . . . Tax Information for Older Americans
- 555 . . . . . Federal Tax Information on Community Property
- 556 . . . . . Examination of Returns, Appeal Rights, and Claims for Refund
- 559 . . . . . Survivors, Executors, and Administrators
- 560 . . . . . Retirement Plans for the Self-Employed
- 561 . . . . . Determining the Value of Donated Property
- 564 . . . . . Mutual Fund Distributions
- 570 . . . . . Tax Guide for Individuals with Income from U.S. Possessions
- 571 . . . . . Tax-Sheltered Annuity Programs for Employees of Public Schools and Certain Tax-Exempt Organizations
- 575 . . . . . Pension and Annuity Income (Including Simplified General Rule)
- 584 . . . . . Nonbusiness Disaster, Casualty, and Theft Loss Workbook
- 587 . . . . . Business Use of Your Home
- 580 . . . . . Individual Retirement Arrangements (IRAs)
- 583 . . . . . Tax Highlights for U.S. Citizens and Residents Going Abroad
- 584 . . . . . Understanding The Collection Process
- 596 . . . . . Earned Income Credit
- 597 . . . . . Information on the United States-Canada Income Tax Treaty
- 721 . . . . . Tax Guide to U.S. Civil Service Retirement Benefits
- 901 . . . . . U.S. Tax Treaties
- 907 . . . . . Tax Highlights for Persons with Disabilities

- 908 . . . . . Tax Information on Bankruptcy
- 911 . . . . . Tax Information for Direct Sellers
- 915 . . . . . Social Security Benefits and Equivalent Railroad Retirement Benefits
- 917 . . . . . Business Use of a Car
- 919 . . . . . Is My Withholding Correct for 1995?
- 925 . . . . . Passive Activity and At-Risk Rules
- 926 . . . . . Employment Taxes for Household Employers
- 929 . . . . . Tax Rules for Children and Dependents
- 936 . . . . . Home Mortgage Interest Deduction
- 938 . . . . . Real Estate Mortgage Investment Conduits (REMICs) Reporting Information
- 945 . . . . . Tax Information for Those Affected by Operation Desert Storm
- 946 . . . . . How To Begin Depreciating Your Property
- 947 . . . . . Practice Before the IRS and Power of Attorney
- 950 . . . . . Introduction to Estate and Gift Taxes
- 1244 . . . . . Employee's Daily Record of Tips and Report to Employers
- 1542 . . . . . Per Diem Rates
- 1544 . . . . . Reporting Cash Payments of Over \$10,000
- 1548 . . . . . How to use the Problem Resolution Program of the IRS

### Spanish Language Publications

- 1SP . . . . . Derechos del Contribuyente
- 556SP . . . . . Revisión de las Declaraciones de Impuesto, Derecho de Apelación y Reclamaciones de Reembolsos
- 579SP . . . . . Cómo Preparar la Declaración de Impuesto Federal
- 584SP . . . . . Comprendiendo el Proceso de Cobro
- 596SP . . . . . Crédito por Ingreso del Trabajo
- 850 . . . . . English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service

### Tax forms, publications and instructions listed on the order blank

You can get the following forms, schedules, and instructions at participating banks, post offices, or libraries.

#### Form 1040

Instructions for Form 1040 & Schedules  
**Schedule A** for itemized deductions  
**Schedule B** for interest and dividend income if over \$400; and for answering the foreign accounts or foreign trusts questions

#### Schedule EIC for the earned income credit Form 1040A

Instructions for Form 1040A & Schedules  
**Schedule 1** for Form 1040A filers to report interest and dividend income

**Schedule 2** for Form 1040A filers to report child and dependent care expenses  
**Form 1040EZ**  
 Instructions for Form 1040EZ

You can photocopy the items listed below (as well as those listed above) at participating libraries or order them from the IRS.

**Schedule 3**, Credit for the Elderly or the Disabled for Form 1040A Filers  
**Schedule C**, Profit or Loss From Business  
**Schedule C-EZ**, Net Profit From Business  
**Schedule D**, Capital Gains and Losses  
**Schedule E**, Supplemental Income and Loss  
**Schedule F**, Profit or Loss From Farming  
**Schedule R**, Credit for the Elderly or the Disabled  
**Schedule SE**, Self-Employment Tax  
**Form 1040-EZ**, Estimated Tax for Individuals  
**Form 1040X**, Amended U.S. Individual

Income Tax Return  
**Form 2106**, Employee Business Expenses  
**Form 2106-EZ**, Unreimbursed Employee Business Expenses  
**Form 2118**, Sale of Your Home  
**Form 2210**, Underpayment of Estimated Tax by Individuals and Fiduciaries  
**Form 2441**, Child and Dependent Care Expenses  
**Form 3903**, Moving Expenses  
**Form 4562**, Depreciation and Amortization  
**Form 4966**, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return

**Form 5329**, Return for Additional Taxes Attributable to Qualified Retirement Plans, Annuities, and Modified Endowment Contracts  
**Form 8283**, Noncash Charitable Contributions  
**Form 8582**, Passive Activity Loss Limitations  
**Form 8906**, Nondeductible IRA Contributions, IRA Basis, and Nontaxable IRA Distributions  
**Form 8822**, Change of Address  
**Form 8829**, Expenses for Business Use of Your Home

## How to Get IRS Forms and Publications

You can visit your local IRS office or order tax forms and publications from the IRS Forms Distribution Center listed for your state at the address on this page. Or, if you prefer, you can photocopy tax forms from reproducible copies kept at participating public libraries. In addition, many of these libraries have reference sets of IRS publications that you can read or copy.

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