



Instructions for Form 942

(Including instructions for getting a refund on Form 843)

(Rev. November 1994)

Employer's Quarterly Tax Return for Household Employees

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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

Recordkeeping	20 min.
Learning about the law or the form	22 min.
Preparing the form	1 hr., 24 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Attention: Tax Forms Committee, PC:FP, Washington, DC 20224; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0034), Washington, DC 20503. DO NOT send the tax form to either of these offices. Instead, see **Where To File** on page 2.

1994 FORM 942 FILING REQUIREMENT CHANGES

A new law eliminates the requirement for paying social security and Medicare taxes for household employers who pay their household employees **less than \$1,000 in a calendar year**. The requirement was previously \$50 or more in any calendar quarter. **The change applies to all of 1994.**

• **If you paid every household employee at least \$1,000 each** in 1994, the change does not apply to you. Complete Form 942 and file Forms W-2 as you usually would.

• **If you paid every household employee cash wages of less than \$1,000** in 1994:

a. You do not have to file Form 942 for any calendar quarter (unless you withheld Federal income tax or made advance earned income credit (EIC) payments).

b. **You can get a refund** if you filed Form 942 for any quarter in 1994 and paid social security and Medicare taxes. To get your refund, use the modified **Form 843**, Claim for Refund and Request for Abatement, in this package. See page 6 for specific instructions.

• **If you paid some, but not all, household employees, cash wages of at least \$1,000**

in 1994, you can get a refund or claim a credit on Form 942 for the social security and Medicare taxes you paid for employees to whom you paid less than \$1,000. To see how to get your refund or claim your credit, see pages 5 and 6 of these instructions.

• **If you paid any household employee at least \$50 cash wages in any calendar quarter**, you must give the employee a 1994 Form W-2. See **Notice 587**, Preparing Form W-2 for Your Household Employee, in this package, for specific instructions.

1995 Filing Requirement Changes

There will no longer be quarterly Forms 942 after 1994. Beginning in 1995, household employers will report and pay social security and Medicare taxes and Federal unemployment taxes on their annual income tax returns. Also, there will no longer be a requirement to make deposits for Federal Unemployment (FUTA) tax. Household employers should consider increasing their income tax withholding or estimated tax payments to cover household employment taxes. This may avoid a large balance due when household employers file their annual Form 1040.

Exemption for household employees under age 18.—Beginning in 1995, all wages paid for household work by employees under age 18, such as babysitters and students cutting lawns, are exempt from social security and Medicare taxes unless household work is their principal occupation.

1995 Social security tax wage base.—The maximum wages subject to social security (old age, survivors, and disability insurance) tax for 1995 is \$61,200.

1995 Advance earned income credit (EIC) payments.—For 1995, eligible employees can get up to \$105 a month in advance EIC payments added to their take-home pay. See **How do my employees get advance EIC payments?** See page 2, column 3.

General Instructions

Purpose of Form

Use Form 942 to report and pay employer and employee social security and Medicare taxes, and any withheld income tax on wages paid to household employees.

Who Must File

File Form 942 if you paid an employee cash wages of \$1,000 or more in 1994 for household work in or around your private

home. Also file Form 942 if you paid your household employee less than \$1,000, but withheld income tax or made advance EIC payments at the employee's request.

Exception.—Do not file Form 942 if either of the following applies:

- The household employee worked in your home on a farm operated for profit. Instead, file **Form 943**, Employer's Annual Tax Return for Agricultural Employees.
- The household employee worked for a college club, fraternity, or sorority. Instead, file **Form 941**, Employer's Quarterly Federal Tax Return.

What is household work?—Household work is work performed in or around the employer's private home (unless the private home is on a farm operated for profit). It includes services by babysitters, butlers, caretakers, cleaning people, cooks, gardeners, governesses, housekeepers, janitors, laundresses, maids, personal chauffeurs, and valets.

Employee's social security number.—

When you hire a household employee, record the 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.

What Wages Are Subject To Social Security and Medicare Taxes?

Social security and Medicare taxes apply only to cash wages of \$1,000 or more paid to an employee in a calendar year for household work. This is called the "\$1,000 test" and applies separately to each household employee. The taxes apply to cash wages paid in 1994, regardless of when the wages were earned. The payments can be based on work performed hourly, daily, weekly, or by piecework. Checks, money orders, etc., are the same as cash. The value of food, lodging, clothing, bus tokens, and other noncash items you give to household employees are not subject to social security and Medicare taxes. Cash given to the employees instead of these items is subject to these taxes.

Exceptions.—Social security and Medicare taxes do **not** apply to wages for work in your home by:

- Your spouse.
- Your son or daughter under age 21.
- Your mother or father unless both of the following apply:

1. You have in your home a son, daughter, stepson or stepdaughter who is 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 the quarter, and

2. You are divorced, a widow or widower, or have a spouse in your home who, because of a physical or mental condition, cannot care for your son, daughter, stepson, or stepdaughter for at least 4 continuous weeks in the quarter.

• Workers who are not your employees, such as carpenters, painters, or plumbers working for you as independent contractors.

If you are not sure whether the taxes apply to a worker, see **Circular E**, Employer's Tax Guide. Employers with workers on a farm operated for profit should see **Circular A**, Agricultural Employer's Tax Guide.

If you pay amounts not subject to social security and Medicare taxes, do not include those amounts on lines 1 or 3 of Form 942.

Who Pays Social Security and Medicare Taxes?

Both the employer and the employee must pay social security and Medicare taxes on cash wages the employee receives for household work. The combined social security tax rate is 12.4% (6.2% employer share and 6.2% employee share). The rate applies to the first \$60,600 of cash wages paid in 1994. The combined Medicare tax rate is 2.9% (1.45% employer share and 1.45% employee share). All cash wages are subject to Medicare taxes.

Deduct 6.2% social security tax and 1.45% Medicare tax from each cash payment you make to the employee 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 deduct the taxes. Stop deducting social security tax when the employee's cash wages for 1994 reach \$60,600. Deduct the Medicare tax from all cash payments. The employee social security and Medicare tax deduction table is on page 4.

If you prefer, you may pay the employee's share of social security and Medicare taxes yourself rather than deduct it from his or her wages. However, any employee social security and Medicare taxes you pay for the employee is additional income to the employee. You must include this amount in the total wages, tips, and other compensation reported in box 1 of the employee's **Form W-2**, Wage and Tax Statement. But do not count it as cash wages for social security and Medicare tax purposes, and do not include it in boxes 3 and 5 on Form W-2.

What Wages Are Subject to Income Tax Withholding?

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. However, do not count as wages up to \$60 a month for qualified transportation expenses and up to \$155 a month for qualified parking expenses.

Must I withhold Federal income tax?—You do not have to withhold Federal income tax from your employee's wages unless the employee asks you to withhold and you agree. An employee who wants you to withhold Federal income tax must give you a completed **Form W-4**, Employee's Withholding Allowance Certificate. If you agree to withhold, you must deduct an amount from each payment based on the Form W-4. Show the total amount withheld

for the quarter on line 5 of Form 942. See Circular E for Federal income tax withholding tables.

Any income tax withholding you pay for the employee rather than deduct from the employee's wages is additional income. You must include the amount you pay in total wages, tips, and other compensation in box 1 of the employee's Form W-2. Also count it as wages, tips, etc., for social security and Medicare purposes.

Earned Income Credit (EIC)

The EIC is a refundable tax credit for certain workers. For 1994, the EIC can be as much as \$2,038 if the employee has one qualifying child, \$2,528 if the employee has more than one qualifying child, and \$306 if the employee does not have a qualifying child.

How do my employees get advance EIC payments?—Eligible employees with a qualifying child can either get the EIC when they file their tax return or request regular payments with their paychecks during the year. To be eligible to get advance EIC payments in 1995, the employee's expected earned income and adjusted gross income (including the spouse's income if the employee files a joint return) must each be less than \$24,396. For 1995, the advance EIC can be as much as \$1,257. Eligible employees who want to get advance payments must give you a completed **Form W-5**, Earned Income Credit Advance Payment Certificate. You must include advance EIC payments with wages paid to these employees. The tables in Circular E show you how to figure the amount to add to the employee's net pay.

Where To File

Mail your return to the **Internal Revenue Service** at the address listed below for your legal residence.

Florida, Georgia, South Carolina

Return without payment:
Atlanta, GA 39901-0016

Return with payment:
P.O. Box 105799
Atlanta, GA 30348-5799

New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)

Return without payment:
Holtsville, NY 00501-0016

Return with payment:
P.O. Box 982
Newark, NJ 07101-0982

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Return without payment:
Andover, MA 05501-0016

Return with payment:
P.O. Box 371382
Pittsburgh, PA 15250-7382

Illinois, Iowa, Minnesota, Missouri, Wisconsin

Return without payment:
Kansas City, MO 64999-0016

Return with payment:
P.O. Box 970008
St. Louis, MO 63197-0008

Delaware, District of Columbia, Maryland, Pennsylvania, Virginia

Return without payment:
Philadelphia, PA 19255-0016

Return with payment:
P.O. Box 8770
Philadelphia, PA 19162-8770

Indiana, Kentucky, Michigan, Ohio, West Virginia

Return without payment:
Cincinnati, OH 45999-0016

Return with payment:
P.O. Box 6824
Chicago, IL 60680-6824

Kansas, New Mexico, Oklahoma, Texas

Return without payment:
Austin, TX 73301-0016

Return with payment:
P.O. Box 970014
St. Louis, MO 63197-0014

Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

Return without payment:
Ogden, UT 84201-0016

Return with payment:
P.O. Box 7065
San Francisco, CA 94120-7065

California (all other counties), Hawaii

Return without payment:
Fresno, CA 93888-0016

Return with payment:
P.O. Box 60578
Los Angeles, CA 90060-0578

Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee

Return without payment:
Memphis, TN 37501-0016

Return with payment:
P.O. Box 1211
Charlotte, NC 28201-1211

If you have no legal residence in any state

All returns:
Philadelphia, PA 19255-0016

The advance EIC payments are not wages and are not subject to any taxes. They do not change your usual withholding, nor do you pay for the payments. Generally, you make the payments from employee and employer social security and Medicare taxes, and any withheld income tax. You show the total advance EIC payments you made for the quarter on line 7 of Form 942 and subtract this amount from your total taxes. See Circular E for more information.

When To File

File Form 942 on or before January 31, 1995, for the quarter ending December 31, 1994.

If you received Form 942 and did not pay any taxable wages this quarter, see **1994 Form 942 Filing Requirement Changes** on page 1.

Penalties.—You may be charged a penalty for filing a return late or paying tax late unless you show good reason for the delay. If you cannot avoid filing a return late or paying the tax late, attach an explanation to your return. You may also be charged a penalty for not giving Forms W-2 to your employees, not filing Form W-2 with the Social Security Administration, not showing your employee's social security number on Form W-2, or not providing correct information on the form.

Keeping records.—Keep your copies of Forms 942, W-2, and W-3 for at least 4 years after the due date of the return or the date tax is paid, whichever is later. Also keep a record of each employee's social security number and name, dates and amounts of cash and noncash wage payments, employee social security tax, employee Medicare tax, advance EIC payments and any income tax withheld.

Specific Instructions

Name, address, employer identification number (EIN), and calendar quarter.—

Complete this section if the correct information is not already preprinted on your return. If the information already preprinted is incorrect or incomplete, cross out the errors, print the correct information, and add any missing information. Be sure to check the box below the name and address section if you changed your address.

Date quarter ended.—Enter the date of the last day of the month of the calendar quarter for which the return is being filed. (For example, enter December 31, 1994, for the calendar quarter that includes October, November, and December).

Employer identification number (EIN).—An EIN is a nine-digit number issued by the IRS. The digits are arranged as follows: 00-0000000. If you already have an EIN, use that number on Form 942. If you do not have an EIN, write NONE in the space for the number. The IRS will assign you a number and notify you. If you applied for an EIN but have not received it, write "Applied for" in the space for the EIN. DO NOT enter your social security number as an EIN.

Note: You are not required to file **Form SS-4, Application for Employer Identification Number**, to get an EIN if your only employees are household employees (domestic workers) in your private home. The IRS may send you **Form SS-4** to verify the information on your

Form 942. If so, follow the instructions in the letter that accompanies the form.

Final return.—If you do not expect to pay taxable wages in the future, check the box above line 1. You must still give a Form W-2 to each employee to whom you paid wages during the year and file copies with the SSA. You may file Copy A with the SSA anytime before the February 28, 1995, filing date.

Line 1.—Show the total cash wages you paid in the quarter to all your employees who met the \$1,000 test. Do **not** include:

- Wages for employees not subject to social security taxes.
- Wages for an employee to whom you have already paid cash wages of \$60,600 in 1994.

Line 2.—Multiply the wages on line 1 by 12.4% (.124) and enter the result.

Line 3.—Show the total cash wages you paid in the quarter to all your employees who met the \$1,000 test. Do not include wages for employees not subject to Medicare taxes.

The amount on line 3 should be the same as the amount entered on line 1 if you have not paid any employee more than \$60,600 during the year.

Line 4.—Multiply the amount on line 3 by 2.9% (.029) and enter the result.

Line 5.—Show the total Federal income tax withheld, if any, in the quarter.

Line 6.—If you did not pay any household employee less than \$1,000 during 1994, add lines 2, 4, and 5, and enter the result on line 6.

If you paid any household employee less than \$1,000 in 1994 and have already paid social security and Medicare taxes for that employee for the first three quarters of 1994, complete the Adjustment Schedule on the back of the form before continuing with line 6. Then, enter the amount from line 5 of the Adjustment Schedule on the line to the left of line 6. Add lines 2, 4, and 5, and subtract the amount you entered next to line 6. Do not enter less than -0-.

Line 7.—Show the total advance EIC payments, if any, you made to employees in the quarter. See **How do my employees get advance EIC payments?** on page 2.

Line 8.—Subtract line 7 from line 6 and enter the result on line 8. Do not enter less than -0-.

If no tax is due, enter "NONE" on line 8, sign and date the return, and mail it to the IRS by the last day of the month following the end of the quarter. See **When To File** on this page and **Where To File** on page 2.

If you owe tax, make your check or money order for the amount on line 8 payable to "Internal Revenue Service." Write your EIN, the period to which the payment applies (for example, "4th Quarter 1994"), and "Form 942" on the check or money order. Sign and date Form 942 and mail it with your payment to the address indicated in **Where To File** on page 2. To avoid loss, DO NOT send cash. You may also pay in person at any IRS office.

Note: **DO NOT** use **Federal Tax Deposit (FTD) Coupons to pay taxes for Form 942.**

Special Rules

Federal unemployment (FUTA) tax.—If you paid cash wages of \$1,000 or more for household help in any calendar quarter in 1993 or 1994, your household employees in

1994 are covered under FUTA. You must file **Form 940** or **Form 940-EZ**, Employer's Annual Federal Unemployment (FUTA) Tax Return, by January 31, 1995.

Form 940-EZ is the simplified version of Form 940. Employers can usually use Form 940-EZ if **all** the following apply:

- You pay all unemployment contributions to only one state.
- You pay the taxes by the due date.
- You do not have taxable FUTA wages that are **exempt** from state unemployment tax.

Get Form 940 or Form 940-EZ for more information. For filled-in examples of Form 940 or Form 940-EZ for household employers, get **Pub. 926, Employment Taxes for Household Employers**, or **Notice 576, Notice to Household Employers About Federal Unemployment Taxes.**

Form W-2.—You must file Copy A of Form W-2 with the SSA for each household employee to whom you paid cash wages of \$50 or more in a calendar quarter during the year. Also file Form W-2 with the SSA for any employee who did not earn at least \$50, but requested income tax withholding or received advance EIC payments.

Note: If you paid any household employee cash wages of \$50 or more in any calendar quarter in 1994 but less than \$1,000 for the entire year, get **Notice 587 for special rules for preparing Form W-2 for these employees.**

You must give the appropriate copies of Form W-2 to each employee by January 31, 1995. If the employee stops working for you before the end of 1994, give the employee Form W-2 at any time after employment ends, but not later than January 31, 1995. 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 28, 1995, send Copy A of all Forms W-2 with **Form W-3, Transmittal of Wage and Tax Statements**, to the Social Security Administration. Form W-3 is not needed if you are filing only one Form W-2. **If you file Form W-3, be sure to check the "942" box.**

DO NOT send Forms W-2 and, if any, Form W-3 to the IRS. Send the forms to the following address:

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

Forms W-2 and W-3 are included in the fourth quarter package. If you file a final Form 942 before the end of the year, you can get Forms W-2 and W-3 by calling 1-800-TAX-FORM (1-800-829-3676). If you are filing Form 942 for the first time for the fourth quarter, get Forms W-2 and W-3 by calling the above number.

See Notice 587 for line-by-line instructions for completing Form W-2. The notice is included in this package. For a completed example of Form W-2 for household employees, also get Pub. 926.

Earned income credit notification.—You must tell any employees who worked for you at any time during the year and had no income tax withheld that they may be able to get a tax refund because of the EIC. You must give the employees one of the following:

- The IRS Form W-2, which has a statement about the EIC on the back of Copy C;

1994 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). On Form 942, line 2, you report \$22.32 (\$180 x .124 (6.2% employee tax plus 6.2% employer tax). The employee Medicare tax is \$2.61 (\$1.45 tax on \$100 plus \$1.16 on \$80 wages). On Form 942, line 4, you report \$5.22 (\$100 x .029 (1.45% employer tax and 1.45% employee tax).

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	2.29	.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
31.00	1.92	.45	66.00	4.09	.96			
32.00	1.98	.46	67.00	4.15	.97			
33.00	2.05	.48	68.00	4.22	.99			
34.00	2.11	.49	69.00	4.28	1.00			
35.00	2.17	.51	70.00	4.34	1.02			

- 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;
- **Notice 797**, Possible Federal Tax Refund Due to the Earned Income Credit (EIC); or
- Your own written statement with the same wording as Notice 797.

Generally, you must give your employees direct notice about the EIC by February 7, 1995. For specific instructions about the notification requirements, see Circular E and **Notice 1015**, Employers—Have You Told Your Employees About the Earned Income Credit (EIC)? Notice 1015 and Notice 797 are included in this package. You can also get them by calling 1-800-TAX-FORM (1-800-829-3676).

Rounding off to whole dollars.—You may round off cash wages paid to the nearest whole dollar to determine the \$1,000 test, figure employee tax deductions, and report wages on your return. For example, if you paid from \$104.50 to \$105.49, you may

report \$105 as the taxable wage. If you choose the rounding method, use it consistently for all wage payments to household employees in that quarter.

Additional Information

You can get the following forms and publications by calling 1-800-TAX-FORM (1-800-829-3676).

- Pub. 15**, Circular E, Employer's Tax Guide
- Pub. 51**, Circular A, Agricultural Employer's Tax Guide
- Pub. 926**, Employment Taxes for Household Employees
- Form W-2**, Wage and Tax Statement
- Form W-3**, Transmittal of Wage and Tax Statements
- Form W-4**, Employee's Withholding Allowance Certificate

Form W-5, Earned Income Credit Advance Payment Certificate

Notice 576, Notice to Household Employers About Federal Unemployment Taxes

Notice 587, Preparing Form W-2 for Your Household Employee

Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC)

Notice 1015, Employers—Have You Told Your Employees About the Earned Income Credit (EIC)?

Form 940 and **Form 940-EZ**, Employer's Annual Federal Unemployment (FUTA) Tax Return

Form 941, Employer's Quarterly Federal Tax Return

Form 943, Employer's Annual Tax Return for Agricultural Employees

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 \$153.00 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	(a) Name and social security number of household employee	(b) Total 1994 social security wages (box 3 of Form W-2)	(c) Quarter wages were paid	Wages for which you are claiming— (complete only one column per employee)		
				(d) BOTH employer's and employee's share (employee's written consent required for withheld amounts not repaid to employee)	(e) ONLY employer's share	
	Judy L. Roe 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	Totals		2	\$ 1400 00		\$
3	Tax rate		3	× .153		× .0765
4	Multiply line 2 by line 3		4	\$ 214 20		\$
5	Total social security and Medicare tax adjustment. Add columns (d) and (e) of line 4 and enter the total here		5	\$ 214 20		\$
6	Amount included in line 5 that was claimed as a credit on Form 942		6	\$		\$
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	(a) Name and social security number of household employee	(b) Total 1994 social security wages (box 3 of Form W-2)	(c) Quarter wages were paid	Wages for which you are claiming— (complete only one column per employee)		
				(d) BOTH employer's and employee's share (employee's written consent required for withheld amounts not repaid to employee)	(e) ONLY employer's share	
	Judy L. Roe 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	Totals		2	\$ 600 00		\$ 800 00
3	Tax rate		3	× .153		× .0765
4	Multiply line 2 by line 3		4	\$ 91 80		\$ 61 20
5	Total social security and Medicare tax adjustment. Add columns (d) and (e) of line 4 and enter the total here		5	\$ 153 00		\$
6	Amount included in line 5 that was claimed as a credit on Form 942		6	\$		\$
7	Subtract line 6 from line 5 and enter the result here. Also enter this amount on Form 843, line 2.		7	\$ 153 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:

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

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

Use **Form 843** only if your claim involves one of the taxes shown on line 3a or a refund or abatement of interest, penalties, or additions to tax on line 4a.

Note: Do not use Form 843 if your claim is for—
 1. An overpayment of income taxes;
 2. A refund of fuel taxes; or
 3. An overpayment of excise taxes reported on Form 720, 730, or 2290.

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

Name of claimant: **Jean A. Lake** For use by employees only
 Address (number, street, and room or suite no.): **219 Main Street**
 City or town, state, and ZIP code: **Anytown, MD 21611** For use by employers only
 Name and address shown on return if different from above

Your social security number: _____
 Spouse's social security number: _____
 Employer identification number: **00 000000**
 Daytime telephone number: **(301) 555-0000**

1 Period—prepare a separate Form 843 for each tax period from **1994** to **1994**

2 Amount to be refunded or abated: **\$ 153.00**

3a Type of tax, penalty, or addition to tax:
 Employment Estate Gift Excise (other than excise taxes reported on Form 720, 730, or 2290)
 Penalty IRC section **706**

b Type of return filed (see instructions):
 706 709 940 941 990-PF 4720 Other (specify)

4a Request for abatement or refund of:
 Interest caused by IRS errors and delays (under Rev. Proc. 87-42—see instructions).
 A penalty or addition to tax as a result of erroneous advice from the IRS.
 b Dates of payment

5 **Explanations and additional claims.** Explain why you believe this claim should be allowed, and show computation of tax refund or abatement of interest, penalty, or addition to tax.

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.

FORM 843 REFUND INSTRUCTIONS 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 daytime 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.

Employee Certification
 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.

Signature. If you are filing Form 843 to request a refund or abatement relating to a joint return, both you and your spouse must sign the claim. Claims filed by corporations must be signed by a corporate officer authorized to sign, and the signature must be accompanied by the officer's title.

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

Signature: *Jean A. Lake* Date: **1/25/95**

Director's Stamp (Date received)

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 10573G 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

Use **Form 843** only if your claim involves one of the taxes shown on line 3a or a refund or abatement of interest, penalties, or additions to tax on line 4a.

Note: Do not use Form 843 if your claim is for—
 1. An overpayment of income taxes;
 2. A refund of fuel taxes; or
 3. An overpayment of excise taxes reported on Form 720, 730, or 2290.

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

Name of claimant: **George R. Doe** For use by employees only
 Address (number, street, and room or suite no.): **2642 Anystreet**
 City or town, state, and ZIP code: **Anycity, MD 21041** For use by employers only
 Name and address shown on return if different from above

Your social security number: **222 00 2222**
 Spouse's social security number: _____
 Employer identification number: _____
 Daytime telephone number: _____

1 Period—prepare a separate Form 843 for each tax period from **1994** to **1994**

2 Amount to be refunded or abated: **\$ 61.20**

3a Type of tax, penalty, or addition to tax:
 Employment Estate Gift Excise (other than excise taxes reported on Form 720, 730, or 2290)
 Penalty IRC section **706**

b Type of return filed (see instructions):
 706 709 940 941 990-PF 4720 Other (specify)

4a Request for abatement or refund of:
 Interest caused by IRS errors and delays (under Rev. Proc. 87-42—see instructions).
 A penalty or addition to tax as a result of erroneous advice from the IRS.
 b Dates of payment

5 **Explanations and additional claims.** Explain why you believe this claim should be allowed, and show computation of tax refund or abatement of interest, penalty, or addition to tax.

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.

FORM 843 REFUND INSTRUCTIONS 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 daytime 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.

Employee Certification
 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.

Signature. If you are filing Form 843 to request a refund or abatement relating to a joint return, both you and your spouse must sign the claim. Claims filed by corporations must be signed by a corporate officer authorized to sign, and the signature must be accompanied by the officer's title.

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

Signature: *George R. Doe* Date: **1/25/95**

Director's Stamp (Date received)

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 10573G Form **843** (Rev. 1-94)