Caution: *DRAFT—NOT FOR FILING*

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information as a courtesy. **Do not file draft forms.** Also, do not rely on draft instructions and publications for filing. We generally do not release drafts of forms until we believe we have incorporated all changes. However, in some cases unexpected issues arise, or legislation is passed, necessitating a change to a draft form we have posted on IRS.gov. Also, forms generally are subject to OMB approval before they are officially released. Drafts of instructions and publications are usually subject to at least some changes before being officially released.

The Department of Labor determines the credit reduction states each year. This information will not be available until November 2012. For purposes of this draft, the *Reduction Rate* for all states is shown as ".000."

All early releases of draft forms, instructions, and publications are available at www.IRS.gov/draftforms. All information about forms, instructions, and publications is accessible from www.IRS.gov/formspubs.

If you have any comments on this draft, you can submit them to us on our IRS.gov page titled Comment on Forms and Publications, where you may make comments anonymously if you wish. You can also email us at taxforms@irs.gov. Please include the form or publication number in the subject. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each suggestion. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

860312

Schedule A (Form 940) for 2012:

Multi-State Employer and Credit Reduction Information

OMB No. 1545-0028

Department of the Treasury — Internal Revenue Service

Employer identification number (EIN) ☐☐ – ☐☐☐☐☐☐☐

Name *(not your trade name)*

See the instructions on page 2. File this schedule with Form 940.

DRAFT AS OF July 12, 2012 DO NOT FILE

Place an "X" in the box of EVERY state in which you were required to pay state unemployment tax this year. For states with a credit reduction rate greater than zero, enter the FUTA taxable wages, multiply by the reduction rate, and then enter the credit reduction amount for that state. If any states do not apply to you, leave them blank.

Postal Abbreviation	FUTA Taxable Wages	Reduction Rate	Credit Reduction	Postal Abbreviation	FUTA Taxable Wages	Reduction Rate	Credit Reduction
☐ AK	.	× .000	.	☐ NC	.	× .000	.
☐ AL	.	× .000	.	☐ ND	.	× .000	.
☐ AR	.	× .000	.	☐ NE	.	× .000	.
☐ AZ	.	× .000	.	☐ NH	.	× .000	.
☐ CA	.	× .000	.	☐ NJ	.	× .000	.
☐ CO	.	× .000	.	☐ NM	.	× .000	.
☐ CT	.	× .000	.	☐ NV	.	× .000	.
☐ DC	.	× .000	.	☐ NY	.	× .000	.
☐ DE	.	× .000	.	☐ OH	.	× .000	.
☐ FL	.	× .000	.	☐ OK	.	× .000	.
☐ GA	.	× .000	.	☐ OR	.	× .000	.
☐ HI	.	× .000	.	☐ PA	.	× .000	.
☐ IA	.	× .000	.	☐ RI	.	× .000	.
☐ ID	.	× .000	.	☐ SC	.	× .000	.
☐ IL	.	× .000	.	☐ SD	.	× .000	.
☐ IN	.	× .000	.	☐ TN	.	× .000	.
☐ KS	.	× .000	.	☐ TX	.	× .000	.
☐ KY	.	× .000	.	☐ UT	.	× .000	.
☐ LA	.	× .000	.	☐ VA	.	× .000	.
☐ MA	.	× .000	.	☐ VT	.	× .000	.
☐ MD	.	× .000	.	☐ WA	.	× .000	.
☐ ME	.	× .000	.	☐ WI	.	× .000	.
☐ MI	.	× .000	.	☐ WV	.	× .000	.
☐ MN	.	× .000	.	☐ WY	.	× .000	.
☐ MO	.	× .000	.	☐ PR	.	× .000	.
☐ MS	.	× .000	.	☐ VI	.	× .000	.
☐ MT	.	× .000	.				

Total Credit Reduction. Add all amounts shown in the *Credit Reduction* boxes. Enter the total here and on Form 940, line 11 . . . . . .

Instructions for Schedule A (Form 940) for 2012:

Multi-State Employer and Credit Reduction Information

For more information on completing Schedule A, see the Frequently Asked Questions, available at *www.irs.gov/form940.*

DRAFT AS OF July 12, 2012 DO NOT FILE

Specific Instructions: Completing Schedule A

Step 1. Check the box for every state (including the District of Columbia, Puerto Rico, and the U.S. Virgin Islands) in which you were required to pay state unemployment taxes this year even if the state's credit reduction rate is zero.

Note. Make sure that you have applied for a state unemployment number for your business. If you do not have an unemployment account number from a state in which you paid wages, contact the state office to receive one. For a listing of states and contact information, see the 2012 Instructions for Form 940.

The table below provides the two-letter postal abbreviations used on Schedule A.

State	Postal Abbreviation	State	Postal Abbreviation
Alabama	AL	Montana	MT
Alaska	AK	Nebraska	NE
Arizona	AZ	Nevada	NV
Arkansas	AR	New Hampshire	NH
California	CA	New Jersey	NJ
Colorado	CO	New Mexico	NM
Connecticut	CT	New York	NY
Delaware	DE	North Carolina	NC
District of Columbia	DC	North Dakota	ND
Florida	FL	Ohio	OH
Georgia	GA	Oklahoma	OK
Hawaii	HI	Oregon	OR
Idaho	ID	Pennsylvania	PA
Illinois	IL	Rhode Island	RI
Indiana	IN	South Carolina	SC
Iowa	IA	South Dakota	SD
Kansas	KS	Tennessee	TN
Kentucky	KY	Texas	TX
Louisiana	LA	Utah	UT
Maine	ME	Vermont	VT
Maryland	MD	Virginia	VA
Massachusetts	MA	Washington	WA
Michigan	MI	West Virginia	WV
Minnesota	MN	Wisconsin	WI
Mississippi	MS	Wyoming	WY
Missouri	MO	Puerto Rico	PR
		U.S. Virgin Islands	VI

Step 2. You are subject to credit reduction if you paid wages in any state listed that has a credit reduction rate greater than zero.

If you paid wages in any states that are subject to credit reduction, find the lines for each state.

In the *FUTA Taxable Wages* box, enter the total FUTA taxable wages that you paid in that state. (The FUTA wage base for all states is $7,000.) **Do not enter your state unemployment wages.**

Then multiply the total taxable FUTA wages by the reduction rate.

Enter your total in the *Credit Reduction* box at the end of the line.

Step 3. Total credit reduction

To calculate the total credit reduction, add up all of the *Credit Reduction* boxes and enter the amount in the *Total Credit Reduction* box.

Then enter the total credit reduction on Form 940, line 11.

Example 1

You paid $20,000 in wages to each of three employees in State A. State A is subject to credit reduction at a rate of .003 (.3%). Because you paid wages in a state that is subject to credit reduction, you must complete Schedule A and file it with Form 940.

Total payments to all employees in State A	$60,000
Payments exempt from FUTA tax (see the Instructions for Form 940)	$0
Total payments made to each employee in excess of $7,000 (3 x ($20,000 - $7,000))	$39,000
Total taxable FUTA wages you paid in State A entered in the *FUTA Taxable Wages* box ($60,000 - $0 - $39,000)	$21,000
Credit reduction rate for State A	.003
Total credit reduction for State A ($21,000 x .003)	$63

Caution. *Do not include in the* FUTA Taxable Wages *box wages in excess of the $7,000 wage base for each employee subject to federal unemployment insurance in the credit reduction state. The credit reduction applies only to taxable FUTA wages.*

In this case, you would write $63.00 in the Total credit reduction box and then enter that amount on Form 940, line 11.

Example 2

You paid $48,000 ($4,000 a month) in wages to Employee A and no payments were exempt from FUTA tax. Employee A worked in State B (not subject to credit reduction) in January and then transferred to State C (subject to credit reduction) on February 1. Because you paid wages in more than one state, you must complete Schedule A and file it with Form 940.

The total payments in State B that are not exempt from FUTA tax are $4,000. Since this payment to Employee A does not exceed the $7,000 FUTA wage base, the total taxable FUTA wages paid in State B are $4,000. This is also the total taxable FUTA wages paid in State B.

The total payments in State C that are not exempt from FUTA tax are $44,000. However, $4,000 of FUTA taxable wages was paid in State B with respect to Employee A. Therefore the total taxable FUTA wages with respect to Employee A in State C is $3,000 ($7,000 (FUTA wage base) - $4,000 (total FUTA taxable wages paid in State B)). Enter $3,000 in the *FUTA Taxable Wages* box, multiply it by the Reduction Rate, and then enter the result in the *Credit Reduction* box.

Attach Schedule A to Form 940 when you file your return.