Form **940**
Department of the Treasury
Internal Revenue Service

Employer's Annual Federal Unemployment Tax Return

1970

SCHEDULE A—Computation of Credit Against Federal Unemployment Tax

Name of State (1)	State reporting number as shown on employer's State contribution returns (2)	Taxable payroll (As defined in State act) (3)	Experience rate period (4)		Experience rate (5)	Contributions had rate been 2.7% (col. 3 × 2.7%) (6)	Contributions payable at experience rate (col. 3 × col. 5) (7)	Additional credit (col. 6 minus col. 7) (8)	Contributions actually paid to State (9)
			From—	To—					

HOW TO PREPARE SCHEDULE A—Computation of Credit Against Federal Unemployment Tax

Experience Rate.—If you have been granted an "experience rate" lower than 2.7 percent by a State for the whole, or part, of the taxable year, use columns 1 thru 9. If you have not been granted an "experience rate," use columns 1, 2, 3, and 9 only. If you have been granted an "experience rate" higher than 2.7 percent, use columns 1, 2, 3, 4, 5, and 9 only.

If a State has granted an experience rate on part of your payroll, that part to which the experience rate does not apply should be entered separately, using columns, 1, 2, 3, and 9 for this purpose.

If you were granted an "experience rate" for a part of the year only, or your "experience rate" was changed during the year, show in the proper columns the period of the year to which each separate rate applied, the payroll, rate of contributions, and required contributions with respect to each such period.

Column 1.—Enter the name of the State or States (including Puerto Rico) to which contributions were required to be paid.

Column 2.—Enter your State reporting number as shown on your State contribution return. If you had employment in more than one State, enter the reporting number assigned to you by each such State.

Column 3.—Enter the taxable payroll on which you are required to pay contributions into the unemployment fund of the State indicated in column 1. If you have been granted an "experience rate" of zero, enter the amount upon which you would have been required to make contributions had such rate not been granted.

Column 4.—Enter the period or periods of the year to which the "experience rate" or rates apply.

Column 5.—Enter the "experience rate" or rates granted to you by the State or States for the period or periods shown in column 4.

Column 6.—Section 3302(b) of the Code requires a determination of the amount of contributions an employer with an "experience rate" would have been required to pay if throughout the taxable year he had been subject to the highest rate applied by the State or to a rate of 2.7 percent, whichever rate is lower. For the purpose of this return, assume that the highest rate applied under the State law in the taxable year was not lower than 2.7 percent and use that rate in computing the amount shown in column 6. If the highest rate applied by the State was lower than 2.7 percent, the additional credit computed with respect to such State will be reduced accordingly.

Item 10.—Enter the sum of columns 8 and 9. Also include the amount of any special credit as explained below.

Special Credit.—If special credit is claimed as a successor employer, attach a written statement showing (a) the name, address, and employer identification number of the predecessor, (b) the method of acquisition of the predecessor's trade or business (or a separate unit thereof), (c) the date on which the acquisition occurred, (d) each of the items of information in columns 1 through 9 of Schedule A applicable to the predecessor, (e) the number of individuals employed by the predecessor immediately prior to the acquisition who also were employed by the successor employer immediately after the acquisition, (f) the total amount of remuneration, subject to the unemployment compensation law of a State, paid to such employees by the predecessor during the calendar year.

The amount of the special credit is determined by (1) adding the amounts determined for the predecessor (in step (d), above) as "Additional credit" and as "Contributions actually paid to State" and (2) multiplying this total by a fraction of which the numerator is the amount determined in step (f) above, and the denominator is the amount determined (in step (d), above) as "Taxable Payroll (as defined in State Act)."

Item 13. Taxable Wages.—Taxable wages means total remuneration less exempt remuneration.

Total Remuneration. — Total the amount of remuneration for services paid to employees during the calendar year, regardless of whether such remuneration is taxable. Include salaries, wages, commissions, fees, bonuses, vacation allowances, salaries and wages paid to temporary or part-time employees, the value of goods, lodging, food and clothing, and all amounts deducted from employees' wages as employee tax or as deductions for other reasons. The basis upon which the remuneration is paid is immaterial in determining whether the remuneration constitutes wages. Thus, it may be paid on the basis of piecework, or a percentage of profits; and it may be paid hourly, daily, weekly, monthly, or annually.

The medium in which the remuneration is paid is also immaterial. It may be paid in cash or in something other than cash, as for example, goods, lodging, food, or clothing. Remuneration paid in items other than cash should be computed on the basis of the fair value of such items at the time of payment.

Exempt Remuneration.—The terms "wages" and "employment" as defined for Federal unemployment tax purposes do not include every payment of remuneration to an employee and every kind of service which an employee may perform. In general, any remuneration which is excluded from "wages" and any remuneration for services which are excepted from "employment," are not included in the total wages subject to the tax.

Include such items as (1) agricultural labor, (2) benefit payments for sickness or injury under a workmen's compensation law, insurance plan and certain employer plans, (3) domestic service, (4) family employment, (5) certain fishing activities, and (6) any other exempt payments or services. For more definite information with respect to these exemptions, see Circular E, Employer's Tax Guide.

Also include the aggregate amount of the excess above $3,000 paid to all employees. For example, assume that you had 10 employees, and that you paid each of them $5,000 during the year. $50,000 is total remuneration, $30,000 is taxable wages, and $20,000 is exempt remuneration.

(For General Instructions, see back of your copy.)

SCHEDULE B—Record of Federal Tax Deposits

Serial Number of Form 508	Date of deposit	Amount	Serial Number of Form 508	Date of deposit	Amount	Serial Number of Form 508	Date of deposit	Amount

Total Taxes Deposited (also enter in item 17 on other side) . . . . . ▶

16—81218-1

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Department of the Treasury
Internal Revenue Service

Employer's Annual Federal Unemployment Tax Return

1970

Schedule A—Computation of Credit Against Federal Unemployment Tax

Name of State (1)	State reporting number as shown on employer's State contribution returns (2)	Taxable payroll (As defined in State act) (3)	Experience rate period (4) From—	Experience rate period (4) To—	Experience rate (5)	Contributions had rate been 2.7% (col. 3 × 2.7%) (6)	Contributions payable at experience rate (col. 3 × col. 5) (7)	Additional credit (col. 6 minus col. 7) (8)	Contributions actually paid to State (9)
	Totals ▶								

10. Total tentative credit (Column 8 plus column 9) . . . . . .
11. Enter 2.7% of the amount of wages shown in Item 13 below . . . . . .
12. Credit allowable (Item 10 or 11 whichever is smaller). Enter here and in Item 15 . . . . . .

KEEP THIS COPY FOR YOUR RECORDS

You must retain this copy, and a copy of each related schedule or statement for a period of 4 years after the date the tax is due or paid, whichever is the later. These copies must be available for inspection by the Internal Revenue Service.

YOUR COPY

Calendar Year
1970
Identification No.

Calendar Year
1970
Identification No.

13. Total taxable wages paid during calendar year (See instructions) . . . . . .
14. Gross Federal tax (3.2% of Item 13) . . . . . .
15. Less: Credit from Item 12, Schedule A . . . . . .
16. Item 14 less Item 15 . . . . . .
17. Total tax deposited (From Schedule B, on other side) . . . . . .
18. Balance Due (Item 16 less Item 17). Pay to "Internal Revenue Service" . . . . . ▶
19. If no longer in business at end of year, write **"FINAL"** here ▶

Important.—Before filing the return be sure to enter on this copy your name, address, and identification number.

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Highlights

Beginning in 1970:

- ▶ The gross Federal unemployment tax rate is increased from 3.1 percent to 3.2 percent.
- ▶ Federal unemployment tax is subject to new deposit rules.
- ▶ Compensation for the services of the following persons is excluded from Federal unemployment tax:

1. Spouses of students employed by a school, college, or university, under a program of assistance to the student.
2. Students less than 22 years of age employed under a specified work-study program.
3. Individuals employed in hospitals in which they are patients.

Beginning in 1972:

- ▶ The wage base is increased from $3,000 to $4,200.
- ▶ The definition of an employer is changed. You are an employer if during the current or preceding calendar year you:

1. paid wages of $1,500 or more in any calendar quarter, or
2. had ONE or more employees at any time in each of 20 calendar weeks.

- ▶ The services of U.S. citizens employed outside the United States by American employers, are subject to the provisions of the Federal Unemployment Tax Act.
- ▶ The definition of agricultural labor is changed.

General Instructions

Additional instructions for withholding, depositing, paying, and reporting Federal income tax, social security taxes, and Federal unemployment tax, are contained in Circular E, Employer's Tax Guide, available from any Internal Revenue office.

Refer to Circular E to find which employers must file Form 940, the types of payments defined by law as wages, and the kind of services covered by the Federal Unemployment Tax Act.

Purpose of Form 940.—This form is for the annual reporting of tax under the Federal Unemployment Tax Act. Federal unemployment tax is paid by the employer. It is not deductible from wages paid employees. The tax rate is 3.2 percent on the first $3,000 of wages paid to each employee during the calendar year.

Who must file.—Every employer who had four or more employees on at least one day of each of 20 calendar weeks in a calendar year or in the preceding calendar year must file Form 940. Count all regular, temporary, and part-time employees. A partnership should not count its partners. An employee who works on a continuing basis each week, though not every day, is considered to be an employee all seven days in determining whether four or more were employed for at least 20 weeks. If there is a change of ownership or other transfer of the business during the year, each employer who had four or more employees on at least one day of each of 20 calendar weeks in the calendar year or preceding year must file Form 940, but neither should report wages paid by the other.

If you receive a preaddressed form and are not liable for Federal unemployment tax for 1970, write "Not Liable" across the front of the form and return it to Internal Revenue. If you are no longer in business at the end of a year, write "Final Return" in item 19.

Once you have filed a Form 940, you will be sent a preaddressed form near the close of each calendar year. If you do not receive a form, request one from any Internal Revenue office in time to file when due.

Due date of return.—Form 940 for calendar year 1970 is due on or before February 1, 1971, unless you obtain an extension of time to file.

Where to file.

If your principal business, office, or agency is located in ▼	Use this address ▼
Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia	Internal Revenue Service Center 11601 Roosevelt Boulevard Philadelphia, Pa. 19155
Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee	Internal Revenue Service Center 4800 Buford Highway Chamblee, Georgia 30006
Indiana, Kentucky, Michigan, Ohio, West Virginia	Internal Revenue Service Center Cincinnati, Ohio 45298
Arkansas, Colorado, Kansas, Louisiana, New Mexico, Oklahoma, Texas, Wyoming	Internal Revenue Service Center 3651 S. Interregional Highway Austin, Texas 78740
Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington	Internal Revenue Service Center 1160 West 1200 South Street Ogden, Utah 84405
Illinois, Iowa, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Wisconsin	Internal Revenue Service Center 2306 E. Bannister Road Kansas City, Missouri 64170
Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont	Internal Revenue Service Center 310 Lowell Street Andover, Mass. 01812

If you have no legal residence or principal place of business in any Internal Revenue district, or if your principal place of business is in Puerto Rico, file Form 940 with Internal Revenue Service Center, 11601 Roosevelt Boulevard, Philadelphia, Pa. 19155.

Requirements for deposits.—Federal unemployment tax must be deposited with an authorized commercial bank or a Federal Reserve bank. A Federal Tax Deposit Form 508 must accompany each deposit.

Federal unemployment tax must be computed on a quarterly basis. Any amount due must be deposited on or before the last day of the first month following the close of the quarter. (For those who do not qualify as an employer until the second or third quarter, deposit requirements do not begin until the end of the second or third quarter, respectively.)

To determine whether you must make a deposit for any of the first three quarters in **1971**, compute the total tax by multiplying by .005 that part of the first $3,000 of each employee's annual wages that was paid during the quarter. Take two-thirds of this amount. (For 1970 only one-third of the total tax was subject to deposit; for 1971, only two-thirds of the total tax is subject to deposit; for 1972 and thereafter, the entire amount.)

If the amount subject to deposit (plus the amount subject to deposit for any prior quarter but not deposited) is more than $100, deposit it during the first month following the quarter. If $100 or less, you do not have to deposit it, but you must add it to the amount subject to deposit for the next quarter.

Example 1: During the first quarter of 1971 your tax is $360. Since two-thirds of this amount ($240) is more than $100, you must deposit $240 by April 30, 1971.

Example 2: During the first two quarters of 1971 your tax is $120 for each quarter. No deposit is required for the first quarter, since two-thirds of $120 ($80) does not exceed $100. You must, however, deposit $160 ($80 + $80) for the first two quarters by July 31, 1971.

Example 3: During the first quarter of 1971 your tax is $3,000. You must deposit $2,000 by April 30, 1971. During the second quarter your tax is $1,500. You must deposit $1,000 by July 31, 1971.

Once the amount of tax has been used in computing a deposit, the excess not required to be deposited should not be carried forward and added to the amount of tax for a subsequent period, as in Example 2, above.

If the tax reportable on Form 940 less amounts deposited during the year is more than $100, you must deposit the entire amount. If your tax for the year (less any deposits) is $100 or less, you may either deposit the tax or send payment with Form 940.

If you deposited the proper amounts in accordance with these rules, the balance due on line 18 will not exceed $100.

How to Make Deposits.—Fill in a preinscribed Federal Tax Deposit Form 508 in accordance with its instructions.

Send the Federal tax deposit form and your tax deposit to any commercial bank depositary or Federal Reserve bank. Make your check or money order payable to that bank.

The timeliness of deposits is determined by the date received in a commercial bank depositary or Federal Reserve bank. A deposit received after the due date will be considered timely if you establish it was mailed two or more days before the due date.

Employer's Name, Address, and Identification Number.—Use the preaddressed Form 940 mailed to you. If you must use one not preaddressed, type or print your name, trade name, address, and employer identification number on it.

Penalties and Interest.—Avoid penalties and interest by filing a correct return and paying the proper amount of tax when due. The law provides a penalty for late filing unless reasonable cause is shown for the delay. If you file late, attach an explanation.

There also are penalties for willful failure to pay tax, keep records, and make returns, and for filing false or fraudulent returns.

Credit for Contributions Paid into State Funds.—Employers are entitled to a credit against their Federal unemployment tax for contributions paid into a certified State unemployment compensation fund on or before the due date of Form 940.

Contributions may be credited against the tax whether or not they are paid with respect to "employment." But credit may not be taken for voluntary contributions or for penalties or interest paid to a State.

The credit for contributions made after the due date (or extended due date) for filing Form 940 may not exceed 90 percent of the amount that would have been allowable if the contributions were paid on or before the due date.

Employers who have been granted an experience rate lower than 2.7 percent by a State for the whole or part of the year are entitled to an "additional credit." This is equal to the difference between actual contributions and the amount they would have been required to contribute at (1) the highest rate applied by the State, or (2) 2.7 percent, whichever is lower.

If you acquire substantially all the property used in the business (or a unit of the business) of a predecessor employer who was not liable for this tax, and you continue to employ any of his employees, you may claim a special credit under section 3302(e). The amount you may claim is the same amount that the predecessor employer would have taken as a credit if he had qualified as an "employer." The credit is based upon the remuneration predecessor paid to those employees who continue to work for you.

The total credit allowable for State taxes may not exceed 2.7 percent of taxable wages.

SCHEDULE B—Record of Federal Tax Deposits

Serial Number of Form 508	Date of deposit	Amount	Serial Number of Form 508	Date of deposit	Amount	Serial Number of Form 508	Date of deposit	Amount

Total taxes deposited (also enter in item 17 on other side) . . . . . ▶

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