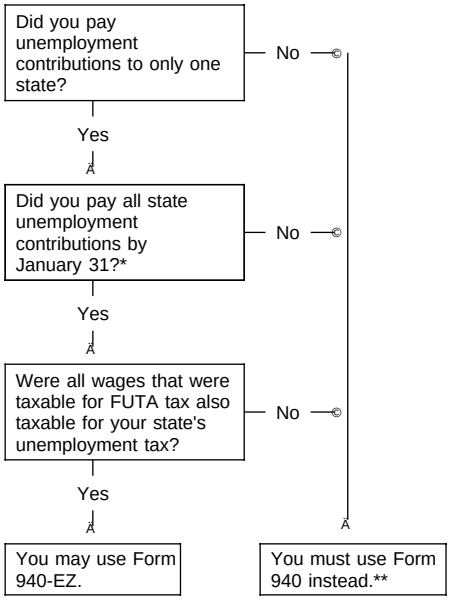
1997

Applied to next return or Refunded ©

1997

Who May Use Form 940-EZ

The following chart will lead you to the right form to use; however, if you owe FUTA tax only for household work in a private home, you generally must use Schedule H (see Household employers below).



*If you deposited all FUTA tax when due, you may answer ªYesº if you paid all state unemployment contributions by February 10.

If you are a successor employer claiming a credit for state unemployment contributions paid by the prior employer, you must use Form 940.

**To get Form 940 or Schedule H (Form 1040), call 1-800-TAX-FORM (1-800-829-3676).

Note: Do not file Form 940-EZ if you have already filed Form 940 for 1997.

Changes To Note

FUTA rate. The FUTA rate of .008 shown on line 6 is effective through 2007.

Services performed by inmates. Services performed by inmates of a penal institution in a private-sector job are not subject to FUTA. This applies to services performed after January 1, 1994. Services for a government agency performed by inmates of a penal institution continue to be exempt from FUTA.

Electronic deposit requirements. If your total deposits of social security, Medicare, railroad retirement, and withheld income taxes were more than $50,000 in 1996, you must make electronic deposits for all depository tax liabilities (including FUTA tax) that occur after 1997 using the Electronic Federal Tax Payment System (EFTPS). However, if you were first required to use EFTPS on or after July 1, 1997, no penalties for failure to use EFTPS will be imposed prior to July 1, 1998. To enroll in EFTPS, call 1-800-945-8400 or 1-800-555-4477. For general information about EFTPS, call 1-800-829-1040.

General Instructions

Purpose of form. Use this form to report your annual Federal Unemployment Tax Act (FUTA) tax. FUTA tax, together with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both Federal and state unemployment taxes. Only the employer pays this tax. The tax applies to the first $7,000 you pay each employee in a year. The $7,000 amount is the Federal wage base. Your state wage base may be different.

When to file. File Form 940-EZ for 1997 by February 2, 1998. However, if you deposited all FUTA tax when due, you may file on or before February 10, 1998. Your return will be considered timely filed if it is properly addressed and mailed First Class or sent by an IRS designated delivery service by the due date. See Cir. E, Employer's Tax Guide, for a list of designated delivery services.

Caution: Private delivery services cannot deliver items to P.O. boxes.

Who must file. In general, you must file if either of the following tests applies (household and agricultural employers see below):

1. You paid wages of $1,500 or more in any calendar quarter in 1996 or 1997 or

2. You had one or more employees for some part of a day in any 20 or more different weeks in 1996 or 20 or more different weeks in 1997.

Count all regular, temporary, and part-time employees. A partnership should not count its partners. If a business changes hands during the year, each employer meeting test 1 or 2 must file. Do not report wages paid by the other.

Nonprofit organizations. Religious, educational, charitable, etc., organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) are not subject to FUTA tax and are not required to file.

Household employers. File a FUTA tax return ONLY if you paid total cash wages of $1,000 or more (for all household employees) in any calendar quarter in 1996 or 1997 for household work in a private home, local college club, or local chapter of a college fraternity or sorority. Individuals, estates, and trusts that owe FUTA tax for household work in a private home, in most cases must file Schedule H (Form 1040), Household Employment Taxes, instead of Form 940 or 940-EZ. See the instructions for Schedule H. In some cases, such as when you employ both household employees and other employees, you may have the option to report social security, Medicare, and withheld Federal income taxes for your household employee(s) on Form 941, Employer's Quarterly Federal Tax Return, or 943, Employer's Annual Tax Return for Agricultural Employees, instead of on Schedule H. If you choose to report on Form 941 or 943, you must use Form 940 or 940-EZ to report FUTA taxes.

Agricultural employers. File a FUTA tax return if either of the following tests applies:

1. You paid cash wages of $20,000 or more to farmworkers during any calendar quarter in 1996 or 1997 or

2. You employed 10 or more farmworkers during some part of a day (whether or not at the same time) for at least 1 day during any 20 different weeks in 1996 or 1997.

Count wages paid to aliens admitted on a temporary basis to the United States to perform farmwork, also known as workers with ªH-2(A)º visas, to see if you meet either test. However, wages paid to H-2(A) visa workers are not subject to FUTA tax.

(Instructions continued on next page.)

Form **940-EZ**

Department of the Treasury
Internal Revenue Service

Employer's Annual Federal Unemployment (FUTA) Tax Return

© For Paperwork Reduction Act Notice, see page 4.

OMB No. 1545-1110

1997

Name (as distinguished from trade name)

Calendar year

Trade name, if any

EMPLOYER'S COPY

Address and ZIP code

Employer identification number

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.) © $

B (1) Enter the name of the state where you have to pay contributions ©

(2) Enter your state reporting number as shown on state unemployment tax return ©

If you will not have to file returns in the future, check here (see Who must file on page 2) and 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	
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ©	Amount paid		
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			
4	Total exempt payments (add lines 2 and 3)		4	
5	Total taxable wages (subtract line 4 from line 1) ©		5	
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	
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 ªInternal Revenue Service.º ©		8	
9	Overpayment (subtract line 6 from line 7). Check if it is to be: ☐ Applied to next return or ☐ 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, t o 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 t o be, deducted from the payments to employees.

Signature © Title (Owner, etc.) © Date ©

Form 940-EZ (1997)

Not liable for FUTA tax? If you receive Form 940-EZ and are not liable for FUTA tax for 1997, write ªNot Liableº across the front of the form, sign the return, and return it to the IRS.

Note: If you will not have to file returns in the future, check the box on the line below B(2), complete and sign the return.

Employer's name, address, and identification number. If you are not using a preaddressed Form 940-EZ, type or print your name, trade name, address, and employer identification number (EIN) on the form.

If you do not have an EIN, see Circular E for details on how to make tax deposits, file a return, etc.

Identifying your payments. When you pay any amount you owe to the IRS (line 8) or make Federal tax deposits, write the following on your check or money order: your EIN, ªForm 940-EZ,º and the tax year to which the payment applies. This helps us credit your account properly.

Penalties and interest. Avoid penalties and interest by making tax deposits when due, filing a correct return, and paying all taxes when due. There are penalties for late deposits and late filing unless you can show reasonable cause. If you file late, attach an explanation to the return. There are also penalties for willful failure to pay tax, keep records, make returns, and for filing false or fraudulent returns.

Credit for contributions paid to a state fund. You get a credit for amounts you pay to a state (including Puerto Rico and the U.S. Virgin Islands) unemployment fund by February 2, 1998 (or February 10, 1998, if that is your Form 940-EZ due date).

ªContributionsº are payments that a state requires an employer to make to its unemployment fund for the payment of unemployment benefits. However, contributions do not include:

c Any payments deducted or deductible from your employees' pay.

c Penalties, interest, or special administrative taxes not included in the contribution rate the state assigned to you.

c Voluntary contributions you paid to get a lower assigned rate.

Note: Be sure to enter your state reporting number on line B(2) at the top of the form. The IRS needs this to verify your state contributions.

Where to file. In the list below, find the state where your legal residence, principal place of business, office, or agency is located. Send your return to the Internal Revenue Service at the address listed for your location. No street address is needed.

Note: Where you file depends on whether or not you are including a payment.

Florida, Georgia, South Carolina

Return without payment:
Atlanta, GA 39901-0047

Return with payment:
P.O. Box 105659
Atlanta, GA 30348-5659

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

Return without payment:
Holtsville, NY 00501-0047

Return with payment:
P.O. Box 210
Newark, NJ 07101-0210

(Instructions continued on next page.)

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

Return without payment:	Return with payment:
Andover, MA 05501-0047	P.O. Box 371324 Pittsburgh, PA 15250-7324

Illinois, Iowa, Minnesota, Missouri, Wisconsin

Return without payment:	Return with payment:
Kansas City, MO 64999-0047	P.O. Box 970010 St. Louis, MO 63197-0010

Delaware, District of Columbia, Maryland, Pennsylvania, Puerto Rico, Virginia, U.S. Virgin Islands

Return without payment:	Return with payment:
Philadelphia, PA 19255-0047	P.O. Box 8738 Philadelphia, PA 19162-8738

Indiana, Kentucky, Michigan, Ohio, West Virginia

Return without payment:	Return with payment:
Cincinnati, OH 45999-0047	P.O. Box 6796 Chicago, IL 60680-6796

Kansas, New Mexico, Oklahoma, Texas

Return without payment:	Return with payment:
Austin, TX 73301-0047	P.O. Box 970017 St. Louis, MO 63197-0017

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:	Return with payment:
Ogden, UT 84201-0047	P.O. Box 7028 San Francisco, CA 94120-7028

California (all other counties), Hawaii

Return without payment:	Return with payment:
Fresno, CA 93888-0047	P.O. Box 60150 Los Angeles, CA 90060-0150

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

Return without payment:	Return with payment:
Memphis, TN 37501-0047	P.O. Box 1210 Charlotte, NC 28201-1210

If you have no legal residence or principal place of business in any IRS district, file with the Internal Revenue Service Center, Philadelphia, PA 19255.

Amended returns. Use a new Form 940-EZ to amend a previously filed Form 940-EZ. Check the Amended Return box above Part I, enter all amounts that should have been on the original return, and sign the amended return. Attach an explanation of the reasons for amending the original return.

If you were required to file Form 940 but filed Form 940-EZ instead, file the amended return on Form 940. See Form 940 and its instructions.

Specific Instructions

You must complete lines A and B and Part I. If your FUTA tax (line 6) is over $100, you must also complete Part II. Please remember to sign the return.

Line A. Enter the amount of state unemployment contributions. If your state has given you a 0% experience rate, so there are no required contributions, enter ªO% rateº in the space.

Part I. Taxable Wages and FUTA Tax

Line 1ÐTotal payments. Enter the total payments you made during the calendar year for services of employees, even if the payments are not taxable for FUTA tax. Include salaries, wages, commissions, fees, bonuses, vacation allowances, amounts paid to temporary or part-time employees, and the value of goods, lodging, food, clothing, and noncash fringe benefits, contributions to a 401(k) plan, section 125 (cafeteria) plan benefits, and sick pay (including third party if liability transferred to employer). Also, include tips of $20 or more in a month reported to you by your employees. Enter the amount before any deductions.

How you make the payments is not important to determine if they are wages. Thus, you may pay wages for piecework or as a percentage of profits. You may pay wages hourly, daily, etc. You may pay wages in cash or some other way, such as goods, lodging, food, or clothing. For items other than cash, use the fair market value when paid.

Line 2ÐExempt payments. For FUTA purposes, ªwagesº and ªemploymentº do not include every payment and every kind of service an employee may perform. In general, payments excluded from wages and payments for services excepted from employment are not subject to tax. Enter payments such as the following on line 2.

1. Agricultural labor if you did not meet either test under Agricultural employers on page 2.

2. Benefit payments for sickness or injury under a worker's compensation law.

3. Household service if you did not pay total cash wages of $1,000 or more in any calendar quarter in 1996 or 1997, and you included the amount on line 1.

4. Certain family employment.

5. Certain fishing activities.

6. Noncash payments for farmwork or household services in a private home that are included on line 1. Only cash wages to these workers are taxable.

7. Value of certain meals and lodging.

8. Cost of group-term life insurance.

9. Payments attributable to the employee's contributions to a sick-pay plan.

10. Benefits excludable under a section 125 (cafeteria) plan.

11. Any other exempt service or pay.

For more information, see Special Rules for Various Types of Services and Payments in Circular E.

Line 3ÐPayments for services of more than $7,000. Enter the total amounts over $7,000 you paid each employee. For example, if you have 10 employees and paid each $8,000 during the year, enter $80,000 on line 1 and $10,000 on line 3. The $10,000 is the amount over $7,000 paid to each employee. Do not include any exempt payments from line 2 in figuring the $7,000.

Lines 8 and 9.Ð If the amount on line 8 is under $1, you do not have to pay it. If the amount on line 9 is under $1, we will send a refund or apply it to your next return only on written request.

Part II. Record of Quarterly Federal Unemployment Tax Liability

Complete this part only if your FUTA tax on line 6 is over $100. To figure your FUTA tax liability, multiply by .008 that part of the first $7,000 of each employee's annual wages you paid during the quarter. Enter the result in the space for that quarter. Your total liability must equal your total tax. If not, you may be charged a failure to deposit penalty.

Record your liability based on when you pay the wages, not on when you deposit the tax. For example, if you pay wages on March 29, your FUTA tax liability on those wages is $200, and you deposit the $200 on April 30, you would record that $200 in the first quarter, not the second.

Depositing FUTA taxes.Ð Generally, FUTA taxes must be deposited quarterly only when your liability exceeds $100. If you deposited the right amounts, the amount you owe with Form 940-EZ will never be over $100.

If your total deposits of social security, Medicare, railroad retirement, and withheld income taxes exceeded $50,000 in 1996, you must deposit taxes after 1997 using the Electronic Federal Tax Payment System (EFTPS). SeeChanges To Note on page 2.

If you are not required to use EFTPS, use Form 8109, Federal Tax Deposit Coupon, to deposit FUTA tax in an authorized financial institution or the Federal Reserve bank for your area. Records of your deposits will be sent to the IRS for crediting to your business accounts.

If your FUTA tax liability for any of the first three quarters of 1997 (plus any undeposited amount of $100 or less from any earlier quarter) is over $100, deposit it by the last day of the month after the end of the quarter. If it is $100 or less, carry it to the next quarter; a deposit is not required. If your liability for the fourth quarter (plus any undeposited amount from any earlier quarter) is over $100, deposit the entire amount by February 2, 1998. If it is $100 or less, you can either make a deposit or pay it with your Form 940-EZ.

Note: The total amount of all deposits must be shown on line 7.

Paperwork Reduction Act Notice.Ð 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.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. Estimated average time is: RecordkeepingÐ 6 hr., 23 min., Learning about the law or formÐ 7 min., and Preparing and sending the form to the IRSÐ 34 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 the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. DO NOT send the form to this office. Instead, see Where to file on page 3.