

IRS News Release

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Redesigned Form 940 Has Many Improvements for Tax Year 2006

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WASHINGTON — WASHINGTON — Payroll professionals and business owners who file Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, for 2006, due by Jan. 31, will notice several improvements in the form and instructions. The IRS has redesigned Form 940 to be more user-friendly, reducing the burden for more than one million filers.

In May 2004, a team led by the IRS office of Taxpayer Burden Reduction began the process of redesigning Form 940. IRS employment tax experts worked with representatives from other federal and state agencies, gathering input from internal and external stakeholders to create a plain language form that is logical, easy to follow, and compatible with optical scanning.

The new Form 940 incorporates the advantages of Form 940-EZ (discontinued for tax year 2006) into a simplified form for all filers. Improvements include:

- A logical sequence from the taxpayer's point of view
- Eight separate parts with visual cues, breaking up the task into smaller steps
- A new Schedule A for multi-state employers or credit reduction situations
- Check boxes instead of "A, B, C" questions

The redesigned [Form 940](#), [Instructions](#), and [Schedule A](#), can be viewed or downloaded on IRS.gov.

The IRS is committed to reducing unnecessary taxpayer burden and welcomes input from tax and payroll professionals, business owners and the general public on opportunities to make it easier to comply with the tax laws. More information, including a link to Form 13285A, *Reducing Tax Burden on America's Taxpayers*, can be found on the TBR page of IRS.gov, [Office of Taxpayer Burden Reduction \(TBR\)](#).