

# Employer's Annual Federal Unemployment Tax Return

# 1977

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

**10** Total tentative credit (Column 8 plus column 9) . . . . .

**11** Total remuneration (including exempt remuneration) PAID during the calendar year for services of employees . . . . .

Exempt Remuneration	Approximate number of employees involved	Amount paid	
<b>12</b> Exempt remuneration. (Explain each exemption shown, attaching additional sheet if necessary):			
<b>13</b> Remuneration in excess of \$4,200. Enter only the excess over the first \$4,200 paid to individual employees exclusive of exempt amounts entered on line 12. Do not use State wage limitation . . . . .			
<b>14</b> Total exempt remuneration (line 12 plus line 13) . . . . .			

**15** Total taxable wages (line 11 less line 14) . . . . .

**16** Gross Federal tax (3.4% of line 15) . . . . .

**17** Enter 2.7% of the amount of wages shown on line 15 . . . . .

**18** Line 10 or line 17 whichever is smaller . . . . .

**19** Amount, if any, of wages on line 15 attributable to the following:

(a) District of Columbia \$ . . . . . × .003 . . . . .

(b) New Hampshire \$ . . . . . × .0045 . . . . .

(c) Total (add lines 19(a) and (b)) . . . . .

**20** Credit allowable (line 18 less line 19(c)) . . . . .

**21** Net Federal tax (line 16 less line 20) . . . . .

Record of Federal Tax Deposits for Unemployment Tax (Form 508)			
Quarter	Liability by period	Date of deposit	Amount of deposit
First			
Second			
Third			
Fourth			

**22** Total Federal tax deposited . . . . .

**23** Balance due (line 21 less line 22—this should not exceed \$100). Pay to "Internal Revenue Service" . . . ▶

**24** Overpayment (line 22 less line 21) . . . . .

**25** If no longer in business at end of year, write "FINAL" here ▶

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to 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, which is claimed as a credit on line 20 above, was or is to be deducted from the remuneration of employees.

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

(If incorrect, make any necessary change.)

Name (as distinguished from trade name) \_\_\_\_\_ Calendar Year **1977**

Trade name, if any \_\_\_\_\_ Employer Identification No. \_\_\_\_\_

Address and ZIP code \_\_\_\_\_

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# Computation of Credit Against Federal Unemployment Tax

**Experience Rate.**—If a State has granted you an experience rate lower than 2.7 percent for all or part of the taxable year, use columns 1 through 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 of 2.7 percent or higher, use columns 1, 2, 3, 4, 5, and 9 only.

If a State has granted you an experience rate on part of your payroll, enter separately in columns 1, 2, 3, and 9, that part to which the experience rate does not apply.

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

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

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

**Column 3.**—Enter the taxable payroll on which you must pay contributions to the unemployment fund of the State shown in column 1. If you have been granted an experience rate of zero, enter the amount

on which you would have had to make contributions if that rate had not been granted.

**Column 4.**—Enter the period(s) of the year to which the experience rate(s) applies.

**Column 5.**—Enter the experience rate(s) the State(s) granted you for the period(s) shown in column 4.

**Column 6.**—Multiply the payroll in column 3 by 2.7 percent and enter the result in column 6.

**Column 7.**—Multiply the payroll in column 3 by the "experience rate" in column 5, and enter the result in column 7.

**Column 8.**—Subtract the amount in column 7 from the amount in column 6 and enter the result in column 8. If zero or less, enter zero (0).

**Column 9.**—Enter in column 9 the amount of contributions actually paid into the State fund.

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

**Line 19.**—Enter in the appropriate line the amount (if any) of wages, as defined in the Federal Unemployment Tax Act, paid in 1977 which are subject to the unemployment compensation laws of the District of Columbia or New Hampshire or are otherwise attributable to those States. (If in doubt, ask your local Internal Revenue Service office.) Such amount for the District of Columbia, multiplied by .003, is a credit reduction required by Internal Rev-

enue Code section 3302(c)(2). Such amount for New Hampshire, multiplied by .0045, is a credit reduction required by Code section 3302(c)(3). If there were no wages paid attributable to these States, enter "none" or "0" in the appropriate spaces on line 19.

**Special Credit.**—If you are claiming special credit as a successor employer, attach a statement showing (a) the name, address, and employer identification number of your predecessor, (b) how you acquired your predecessor's trade or business (or a separate unit of it), (c) the date you acquired it, (d) each item in columns 1 through 9 that applies to your predecessor, (e) the number of individuals your predecessor employed immediately before the acquisition, whom you also employed immediately after the acquisition, (f) the total remuneration subject to State unemployment compensation your predecessor paid to the employees in (e) above during the calendar year.

The amount of the special credit is determined by (1) adding the "Additional Credit" and "Contributions actually paid to the State" determined for your predecessor in step (d) above, 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 "Taxable Payroll (as defined in State Act)" paid to all individuals in the employ of your predecessor prior to your acquisition during the calendar year.

## Computation of Taxable Wages

**Line 11.**—Total remuneration (including exempt remuneration) PAID during the calendar year for services of employees.—Enter on line 11 the total remuneration for services you paid employees during the calendar year, regardless of whether that remuneration is taxable. It should 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 on which you pay the remuneration is immaterial in determining whether it constitutes wages. Thus, you may pay it on the basis of piecework or a percentage of profits, and you may pay it hourly, daily, weekly, monthly, or annually.

You may pay the remuneration in cash or in some other medium, such as goods,

lodging, food or clothing. Compute remuneration paid in items other than cash on the basis of the fair value of the items at 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. These remuneration payments may be deducted from the total remuneration paid only if they are identified on line 12.

**Line 12.**—Enter on line 12 such items as (1) agricultural labor, (2) benefit pay-

ments 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 detailed information with respect to these exemptions, see Circular E, Employer's Tax Guide.

**Line 13.**—Enter on line 13 the approximate number of employees to whom you paid more than \$4,200 during the year and the aggregate amount of the excess above \$4,200 paid to all of those employees. For example, assume that you had 10 employees and that you paid each of them \$5,000 during the year. \$50,000 should be included on line 11 and \$8,000 on line 13. The \$4,200 wage limitation for 1977 is for Federal unemployment tax purposes only. Do not use the State wage limitation for this entry.

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## 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  
**1977**  
 Employer Identification No.

# Highlights

Effective January 1, 1978—

(1) Wage base increases to \$6,000;

(2) Coverage extended to certain agricultural and domestic service employees (see "Who Must File" below); and,

(3) U.S. Virgin Islands employers are subject to FUTA.

## General Instructions

For more detailed information on which employers must file, the types of payments defined by law as wages, and the kind of services covered by the Federal Unemployment Tax Act (FUTA), see Circular E, Employer's Tax Guide, available at any Internal Revenue Service office.

**Purpose of Form 940.**—Use it for the annual reporting of tax under FUTA, which is **PAID ONLY BY THE EMPLOYER**. The tax rate is 3.4 percent on the first \$4,200 of wages paid to each employee during 1977.

**Who Must File.**—In general, every employer who during the current or preceding calendar year paid wages of \$1,500 in any calendar quarter, or at any time had **ONE** or more employees in any 20 calendar weeks must file. Count all regular, temporary, and part-time employees. A partnership should not count its partners. If a change of ownership or other transfer of the business occurs during the year, each employer who meets the \$1,500 a quarter or one or more employees in 20 weeks tests must file, but neither should report wages paid by the other. Organizations described in section 501(c)(3) are not required to file.

Generally, beginning in 1978, employers who (1) paid cash wages of \$20,000 or more to agricultural workers during any calendar quarter in the current or preceding year; or (2) employed 10 or more agricultural workers during some portion of a day (whether or not at the same time) for at least one day during any 20 different weeks in the current or preceding calendar year (Aliens admitted to the U.S. on a temporary basis to perform agricultural labor are excluded until January 1, 1980.); or (3) paid cash wages of \$1,000 or more in any calendar quarter in the current or preceding year for domestic service in a private home, local college club, or a local chapter of a college fraternity or sorority will be required to file Form 940.

If you receive a form and are not liable for Federal unemployment tax for 1977, write "Not Liable" across the front and return it to the IRS. If you are no longer in business at the end of the year, write "Final" in line 25.

If you sold or transferred the business during the year, attach a statement showing the name, address, and employer identification number (if known) of the new owner.

Once you have filed a Form 940, we will send you a preaddressed form near the end of the year. If you do not receive it, request one from any IRS office in time to file.

**Due Date.**—Form 940 for 1977 is due by January 31, 1978. If you made timely deposits in full payment of the tax due, you have until February 10, 1978 to file.

### Where to File.

If your principal business, office, or agency is located in	File with the Internal Revenue Service Center at
New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
District of Columbia, Delaware, Maryland, Pennsylvania	Philadelphia, PA 19255
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501

If you have no legal residence or principal place of business in any Internal Revenue Service district, or if your principal place of business is in Puerto Rico, file Form 940 with the Internal Revenue Service Center, Philadelphia, PA 19255.

**Deposit Requirements.**—Deposit Federal unemployment tax in an authorized commercial bank or Federal Reserve bank in accordance with instructions on the reverse of a preinscribed Federal Tax Deposit Form 508 which must accompany each deposit.

Figure Federal unemployment tax on a quarterly basis. Deposit any amount due by the last day of the first month following the close of the quarter. (If you do not qualify as an employer until the second or third quarter, your deposit requirements do not begin until then.)

To determine if you must make a deposit for any of the first three quarters in 1978, compute the total tax by multiplying by .007 that part of the first \$6,000 of each employee's annual wages you paid during the quarter.

If the amount subject to deposit (plus the undeposited amount for any prior quarter) is more than \$100, deposit it during the first

month following the quarter. If the amount is \$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.

If the tax reportable on Form 940 less amounts deposited for the year is more than \$100, deposit the entire amount. If the tax for the year less any deposits is \$100 or less, either deposit it or pay it with Form 940.

If you deposited the proper amounts, following these rules, the balance due on line 23 will not exceed \$100.

**How to Make Deposits.**—Follow the instructions on the reverse of the preinscribed Federal Tax Deposit Form 508.

**Employer's Name, Address, and Identification Number.**—Use the preaddressed Form 940 mailed to you. If you must use a non-preaddressed form, 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 you show reasonable cause for the delay. If you file late, attach an explanation.

There are also penalties for willful failure to pay tax, keep records and make returns, and for filing false or fraudulent returns. Taxpayers who willfully claim credit on the record of Federal tax deposits or on line 22 for deposits not made are subject to fine and/or other criminal penalties.

**Credit for Contributions Paid into State Funds.**—You can claim credit for contributions you pay into a certified State unemployment compensation fund by the due date of Form 940.

"Contributions" mean payments required by State law to be made into an unemployment fund by any person on account of having individuals in his or her employ, to the extent that such payments are made without being deducted or deductible from the employees' remuneration.

You may credit contributions against the tax whether or not made with respect to "employment." You may not take credit for voluntary contributions or for penalties or interest payments to a State.

Credit for contributions you make 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 had you paid the contributions by 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," which 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.

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