

Employer's Annual Federal Unemployment Tax Return

► For Paperwork Reduction Act Notice, see page 2.

1981

If incorrect, make any necessary change. ►

Name (as distinguished from trade name)

Calendar Year

1981

Trade name, if any

Employer identification number

Address and ZIP code

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- A** Did you pay all required contributions to your State unemployment fund by the due date of Form 940? Yes No
 If you check the "Yes" box, enter amount of contributions timely paid to your State unemployment fund ► \$ _____
- B** Are you required to pay contributions to only one State? Yes No
 If you checked the "Yes" box, (1) Enter the name of the State where you are required to pay contributions ► _____
 (2) Enter your State reporting number(s) as shown on State unemployment tax return ► _____

Part I Computation of Taxable Wages and Credit Reduction (To Be Completed by All Taxpayers)

- 1** Total payments (including exempt payments) during the calendar year for services of employees
- 2** Exempt payments. (Explain each exemption shown, attaching additional sheets if necessary) ► _____
- 3** Payments for services in excess of \$6,000. Enter only the excess over the first \$6,000 paid to individual employees exclusive of exempt amounts entered on line 2. Do not use State wage limitation
- 4** Total exempt payments (add lines 2 and 3)
- 5** Total taxable wages (subtract line 4 from line 1). (If any portion is exempt from State contributions, see instructions) ►
- 6** Credit reduction because of unrepaid advances to the States listed. Enter in lines (a)–(k) the wages included on line 5 above for each State and multiply by the rate shown.
- | | | |
|-------------------------|-------------------------|-------------------------|
| (a) CT × .007 | (e) ME × .006 | (i) RI × .006 |
| (b) DE × .006 | (f) NJ × .006 | (j) VT × .006 |
| (c) DC × .006 | (g) PA × .006 | (k) VI × .006 |
| (d) IL × .006 | (h) PR × .006 | |
- 7** Total credit reduction (add lines 6(a) through 6(k) and enter on line 2, Part II or line 4, Part III) ►

Part II Tax Due or Refund (Complete if You Checked the "Yes" boxes in Both Items A and B Above)

- 1** FUTA tax. Multiply the wages on line 5, Part I, by .007 and enter here
- 2** Enter amount from line 7, Part I
- 3** Total FUTA tax (add lines 1 and 2)
- 4** Less: Total FUTA tax deposited from column d, line 5, Part IV
- 5** Balance due (subtract line 4 from line 3—if over \$100, see Part IV instructions). Pay to IRS ►
- 6** Overpayment (subtract line 3 from line 4) ►

Part III Tax Due or Refund (Complete if You Checked the "No" Box in Either Item A or Item B Above)

- 1** Gross FUTA tax. Multiply the wages on line 5, Part I, by .034
- 2** Maximum credit. Multiply the wages on line 5, Part I, by .027
- 3** Enter the smaller of the amount on line 11, Part V, or line 2, Part III
- 4** Enter amount from line 7, Part I
- 5** Credit allowable (subtract line 4 from line 3)
- 6** Total FUTA tax (subtract line 5 from line 1)
- 7** Less: Total FUTA tax deposited from column d, line 5, Part IV
- 8** Balance due (subtract line 7 from line 6—if over \$100, see Part IV instructions). Pay to IRS ►
- 9** Overpayment (subtract line 6 from line 7) ►

Part IV Record of Federal Tax Deposits for Unemployment Tax (Form 508) (Do not include contributions paid to State)

	a. Quarter	b. Liability for quarter	c. Date of deposit	d. Amount of deposit
1	First			
2	Second			
3	Third			
4	Fourth			
5	Total for year			

If you will not have to file returns in the future, write "Final" here (see general instruction "Who Must File") ►

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 claimed as a credit was or is to be deducted from the payments to employees.

Part V Computation of Tentative Credit (Complete if You Checked the "No" Box in Either Question A or B on Page 1—See Instructions)

Name of State 1	State reporting number(s) as shown on employer's State contribution returns 2	Taxable payroll (as defined in State act) 3	State experience rate period 4		State experi- ence rate 5	Contributions if rate had been 2.7% (col. 3×2.7%) 6	Contributions pay- able at experience rate (col. 3×col. 5) 7	Additional credit (col. 6 minus col. 7) If 0 or less, enter 0. 8	Contributions actually paid to State 9
			From—	To—					
10 Totals									
11 Total tentative credit (add line 10, columns 8 and 9—see instructions for limitations)									

Paperwork Reduction Act Notice.—The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue laws of the United States. 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 required to give us this information.

- 1. Household Employers:** You do not have to file this form unless you paid cash wages of \$1,000 or more for household work in any calendar quarter in 1980 or 1981.
- 2. Household and Other Employers Who File FORM 940:** If your total Federal unemployment (FUTA) tax for 1981 is not more than \$100, you do not have to deposit the tax. If you do not have to deposit FUTA tax and you:
 - (a) made all required payments to your State unemployment fund,
 - (b) are required to make payments to the unemployment fund of only one State, and
 - (c) paid wages subject to Federal unemployment tax that are also subject to State unemployment tax,
 complete Parts I and II. Otherwise, complete Parts I, III, and V.
- 3. Employers Who Are Required to Deposit FUTA Tax:** If you meet tests (a), (b), and (c) above, complete Parts I, II, and IV. Otherwise, complete Parts I, III, IV, and V.

General Instructions

Purpose of Form 940.—Use it for the annual reporting of tax under FUTA. **This tax is paid only by the employer.** The gross tax rate is 3.4% (.034) on the first \$6,000 of wages paid to each employee during 1981.

Who Must File.—In general, every employer who during 1980 or 1981 (a) paid wages of \$1,500 or more in any calendar quarter or (b) at any time had one or more employees for some part of a day in any 20 different weeks must file. Count all regular, temporary, and part-time employees. A partnership should not count its partners. If there is a change in ownership or other transfer of business during the year, each employer who meets tests (a) or (b) above must file. But neither should report wages paid by the other. Organizations described in Code section 501(c)(3) do not have to file.

As an agricultural or household employer, you must file Form 940 if any of the following apply to you:

- (1) You paid cash wages of \$20,000 or more to farmworkers during any calendar quarter in 1980 or 1981.
- (2) You employed 10 or more farmworkers during some part of a day (whether or not at the same time) for at least one day during any 20 different weeks in 1980 or 1981. Count aliens admitted to the U.S. on a temporary basis to perform farmwork to de-

termine if you meet either of the above tests. However, wages paid to these aliens are not subject to FUTA tax prior to 1982.

(3) You paid cash wages of \$1,000 or more in any calendar quarter in 1980 or 1981 for household work in a private home, local college club, or a local chapter of a college fraternity or sorority. **Note:** See Form 942 for a definition of household work in a private home.

If you receive a form and are not liable for Federal unemployment tax for 1981, write "Not Liable" across the front and return it to IRS. If you will not have to file returns after this, write "Final" on the line above the signature line.

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

Due Date.—Form 940 for 1981 is due by February 1, 1982. However, if you made timely deposits in full payment of the tax due, your due date is February 10, 1982.

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	Holttsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Delaware, District of Columbia, 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 IRS district, or if your principal place of business is in Puerto Rico or the U.S. Virgin Islands, file Form 940 with the Internal Revenue Service Center, Philadelphia, PA 19255.

Employer's Name, Address, and Identification Number.—Use the addressed Form 940 mailed to you. If you must use a non-addressed form, type or print your name, trade name, address, and employer identification number on it.

Penalties and Interest.—Avoid penalties and interest by making tax deposits when due and filing a correct return and paying

the proper amount of tax when due. The law provides penalties for late deposits and late filing unless you show reasonable cause for the delay. If you are late, attach an explanation to the return. The law also provides a penalty of 25% of the overstatement if, without reasonable cause, you overstate the amount you deposited.

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 into Stat Funds.—You can claim credit for amount you pay into a certified State (including Puerto Rico and the U.S. Virgin Islands) unemployment fund by the due date of Form 940.

"Contributions" are payments that State law requires you to make to an unemployment fund because you are an employer. These payments are "contributions" only to the extent that they are not deducted or deductible from the employees' pay.

You may take credit against the tax whether or not you paid amounts for "employment." You may not take credit for voluntary payments or for penalties or interest payments to a State.

Credit for payments you make after the due date (or extended due date) for filing Form 940 may not be more than 90% of the amount that would have been allowable if you had paid the amounts by the due date.

If you have been granted an experience rate lower than 2.7% (.027) by a State for the whole or part of the year, you are entitled to an additional credit. This credit is equal to the difference between actual payments and the amount you would have been required to pay at 2.7%.

The total credit allowable may not be more than 2.7% of taxable FUTA wages.

Special Credit for Successor Employers.—If you are claiming special credit as a successor employer, see Code section 3302(e) or Circular E (Rev. October 1981) for the conditions that you must meet, or contact an IRS office.

Specific Instructions

All filers must complete Questions A, B, and Part I.

Use Part II if you pay contributions to only one State unemployment fund, you made all State payments by the due date of Form 940, and all of the FUTA wages are subject to the State's unemployment fund taxes. Otherwise, skip Part II and complete Parts III and V.

Complete Part IV if your total tax for the year is more than \$100.

Part I.—Computation of Taxable Wages and Credit Reduction

Line 1—Total payments.—Enter the total payments you made to employees during the calendar year, even if they are not taxable.

(Instructions continued on page 4.)

Employer's Annual Federal Unemployment Tax Return

1981

Calendar Year
1981

Employer identification number

YOUR COPY

- A** Did you pay all required contributions to your State unemployment fund by the due date of Form 940? Yes No
 If you check the "Yes" box, enter amount of contributions timely paid to your State unemployment fund \$ _____
- B** Are you required to pay contributions to only one State? Yes No
 If you checked the "Yes" box, (1) Enter the name of the State where you are required to pay contributions _____
 (2) Enter your State reporting number(s) as shown on State unemployment tax return _____

Part I Computation of Taxable Wages and Credit Reduction (To Be Completed by All Taxpayers)

- 1** Total payments (including exempt payments) during the calendar year for services of employees
- 2** Exempt payments. (Explain each exemption shown, attaching additional sheets if necessary) ▶ _____
- | Amount paid | |
|-------------|--|
| | |
| | |
| | |
- 3** Payments for services in excess of \$6,000. Enter only the excess over the first \$6,000 paid to individual employees exclusive of exempt amounts entered on line 2. Do not use State wage limitation
- 4** Total exempt payments (add lines 2 and 3)
- 5** Total taxable wages (subtract line 4 from line 1). (If any portion is exempt from State contributions, see instructions) ▶
- 6** Credit reduction because of unrepaid advances to the States listed. Enter in lines (a)–(k) the wages included on line 5 above for each State and multiply by the rate shown.
- | | | |
|-------------------------|-------------------------|-------------------------|
| (a) CT × .007 | (e) ME × .006 | (i) RI × .006 |
| (b) DE × .006 | (f) NJ × .006 | (j) VT × .006 |
| (c) DC × .006 | (g) PA × .006 | (k) VI × .006 |
| (d) IL × .006 | (h) PR × .006 | |
- 7** Total credit reduction (add lines 6(a) through 6(k) and enter on line 2, Part II or line 4, Part III) ▶

Part II Tax Due or Refund (Complete if You Checked the "Yes" boxes in Both Items A and B Above)

- 1** FUTA tax. Multiply the wages on line 5, Part I, by .007 and enter here
- 2** Enter amount from line 7, Part I
- 3** Total FUTA tax (add lines 1 and 2)
- 4** Less: Total FUTA tax deposited from column d, line 5, Part IV
- 5** Balance due (subtract line 4 from line 3—if over \$100, see Part IV instructions). Pay to IRS ▶
- 6** Overpayment (subtract line 3 from line 4) ▶

Part III Tax Due or Refund (Complete if You Checked the "No" Box in Either Item A or Item B Above)

- 1** Gross FUTA tax. Multiply the wages on line 5, Part I, by .034
- 2** Maximum credit. Multiply the wages on line 5, Part I, by .027
- 3** Enter the smaller of the amount on line 11, Part V, or line 2, Part III
- 4** Enter amount from line 7, Part I
- 5** Credit allowable (subtract line 4 from line 3)
- 6** Total FUTA tax (subtract line 5 from line 1)
- 7** Less: Total FUTA tax deposited from column d, line 5, Part IV
- 8** Balance due (subtract line 7 from line 6—if over \$100, see Part IV instructions). Pay to IRS ▶
- 9** Overpayment (subtract line 6 from line 7) ▶

Part IV Record of Federal Tax Deposits for Unemployment Tax (Form 508) (Do not include contributions paid to State)

	a. Quarter	b. Liability for quarter	c. Date of deposit	d. Amount of deposit
1	First			
2	Second			
3	Third			
4	Fourth			
5	Total for year			

If you will not have to file returns in the future, write "Final" here (see general instruction "Who Must File") ▶

Keep This Copy for Your Records—You must keep 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 later. These copies must be available for inspection by the Internal Revenue Service.

For More Information—See Publication 15, Circular E, Employer's Tax Guide, and Publication 539, Employment Taxes, for more detailed information. Household employers should see Publication 503, Child and Disabled Dependent Care.

Part V Computation of Tentative Credit (Complete if You Checked the "No" Box in Either Question A or B on Page 1—See Instructions)

Name of State 1	State reporting number(s) as shown on employer's State contribution returns 2	Taxable payroll (as defined in State act) 3	State experience rate period 4		State experi- ence rate 5	Contributions if rate had been 2.7% (col. 3×2.7%) 6	Contributions pay- able at experience rate (col. 3×col. 5) 7	Additional credit (col. 6 minus col. 7) If 0 or less, enter 0. 8	Contributions actually paid to State 9
			From—	To—					
10 Totals ▶									
11 Total tentative credit (add line 10, columns 8 and 9—see instructions for limitations) ▶									

Include salaries, wages, commissions, fees, bonuses, vacation allowances, amounts paid to temporary or part-time employees, and the value of goods, lodging, food, and clothing. Enter the amount before any deductions.

How the payments are made is not important in determining if they are wages. Thus, you may pay wages for piecework or as a percentage of profits, and you may pay wages hourly, daily, weekly, monthly, or yearly. 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 at the time of payment.

Line 2—Exempt payments.—"Wages" and "employment" as defined for FUTA purposes 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. You may deduct these payments from total payments only if you explain them on line 2.

Enter such items as the following:

(1) Agricultural labor if you (a) paid cash wages of less than \$20,000 for such labor for each calendar quarter in 1980 and 1981 AND did not employ 10 or more farmworkers during any part of a day during any 20 different weeks in 1980 or 1981, (b) paid wages to aliens admitted to the United States on a temporary basis to perform farmwork before 1982.

(2) Benefit payments for sickness or injury under a worker's compensation law, insurance plan, and certain employer plans.

(3) Household service if you paid cash wages of less than \$1,000 in each calendar quarter in 1980 and 1981.

(4) Certain family employment.

(5) Certain fishing activities.

(6) Non-cash payments for farm work or household services in a private home that are included on line 1. Only cash wages to these workers are taxable.

(7) Value of meals and lodging in certain cases.

(8) Any other exempt payments or services.

For more detailed information, see Circular E, Employer's Tax Guide.

Line 3.—Enter the total of the amounts you paid each employee in excess of \$6,000. For example, if you have 10 employees whom you paid \$8,000 each during the year, enter \$80,000 on line 1 and \$20,000 on line 3. The \$6,000 wage limitation is for FUTA purposes only. Do not use the State wage limitation for this entry.

Line 5—Total taxable wages.—If any part of these wages is exempt from State unemployment taxes, you must fill out Parts III and V, even if you checked questions A and B "Yes."

Line 6.—Enter any FUTA wages subject to the unemployment compensation laws of Connecticut, Delaware, District of Columbia, Illinois, Maine, New Jersey, Pennsylvania,

Puerto Rico, Rhode Island, Vermont, or Virgin Islands. (If in doubt, ask your local IRS office.) Multiply the wages by the appropriate rate. This adjustment is required by Internal Revenue Code section 3302(c)(2). If no wages are subject, enter "none" on line 7.

Part II.—Tax Due or Refund

Use this part if you made payments to only one State by the due date of Form 940, and all your wages shown on line 5 of Part I are subject to the State's unemployment fund taxes. The tax rate of .007 gives you credit for your payments to your State's unemployment fund.

Part III.—Tax Due or Refund

Use this part if you do not qualify for Part II.

Line 3.—Enter the smaller of (1) line 11, Part V—Total tentative credit, or (2) line 2, Part III—2.7% of taxable FUTA wages. This is the maximum credit allowable for your payments to the State unemployment fund.

Line 4.—Enter the amount from line 7, Part I. Subtract this amount from line 3, Part III. The result on line 5 is your allowable credit for payments to the State.

Part IV.—Record of Federal Tax Deposits

Complete this part if your total tax (line 3, Part II or line 6, Part III) is over \$100. To figure your FUTA tax liability for each of the first 3 quarters of a year, multiply by .007 that part of the first \$6,000 of each employee's annual wages you paid during the quarter. Enter this amount in column b, Liability for quarter.

Your liability for the 4th quarter is the total tax (line 3, Part II or line 6, Part III) minus amounts deposited for the year. If this is over \$100, deposit the entire amount by January 31 in a qualified depository. If it is \$100 or less, you can either make a deposit or pay it with your Form 940 by January 31.

The total of column b must equal your total tax. Otherwise, you may be assessed a failure to deposit penalty computed on your average liability. In columns c and d, be sure to enter the date and the amount of the deposit you made for each quarter.

If the amount subject to deposit (plus any undeposited amount of \$100 or less for any earlier quarter) is more than \$100, deposit it by the last day of the first month following the close of the quarter.

If you deposited the proper amounts, following these rules, the balance due with Form 940 will never be more than \$100.

Deposit Federal unemployment tax in an authorized financial institution or the Federal Reserve Bank for your area according to the instructions on the back of a preinscribed Federal Tax Deposit (FTD) Form 508 which must accompany each deposit.

Preinscribed FTD Forms 508 are mailed to you around the end of March for your use

throughout the year. The number of cards you receive is based on your history of payments during the previous two years. If you do not receive a supply of cards or need more than the number sent to you, you can order cards by telephoning the toll-free IRS number for your area or by writing the Service Center where you file Form 940. Your request should show your name, address, employer identification number, the kind of tax (FUTA), the tax period ending date (December 31), and the number of cards you need.

Taxpayers who willfully claim credit for deposits not made are subject to fines and other criminal penalties.

Part V.—Computation of Tentative Credit

Complete this schedule if: (1) You made payments to the unemployment fund of more than one State; (2) You did not make your State payments by the due date of Form 940; or (3) Any wages subject to Federal unemployment tax were exempted from State unemployment taxes. If you have a State experience rate lower than 2.7% for all or part of the year, use columns 1 through 9. If you have no experience rate, use columns 1, 2, 3, and 9 only. If you have a rate of 2.7% or higher, use columns 1, 2, 3, 4, 5, and 9 only. If you were granted an experience rate for only part of the year or the rate was changed during the year, enter in the appropriate columns the period each separate rate applied to, your payroll rate, and required contributions for each period.

Column 1.—Enter the name of the State or States (including Puerto Rico and the U.S. Virgin Islands) that you were required to pay contributions to.

Column 2.—Enter the State reporting number that was assigned to you when you registered as an employer with your State.

Column 3.—Enter the taxable payroll that you must pay taxes on to the unemployment fund of the State in column 1. If your experience rate is zero, enter the amount of wages that you would have had to pay on if the rate had not been granted.

Columns 4 and 5.—Your State experience rate is the rate at which the State taxes your payroll for State unemployment purposes. This rate may be adjusted from time to time based on your "experience" with the State fund, that is, claims for unemployment compensation by your former employees and other factors. If you do not know your rate, contact your State employment security agency.

Column 8.—Subtract the amount in column 7 from column 6. If zero or less, enter "0."

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

Line 11.—Add the total of line 10, columns 8 and 9. The allowable credit for State contributions you make after the due date (or extended due date) for filing Form 940 may not be more than 90% of the credit that would have been allowed if you had paid the State contributions by the due date.