



# Instructions for Form 943

## Employer's Annual Tax Return for Agricultural Employees

### Items To Note

**Electronic deposit requirement.** If your total deposits of social security, Medicare, and withheld Federal income taxes were more than \$50,000 in 1997, you must make electronic deposits for **all** depository tax liabilities that occur after 1998, 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 for tax liabilities that occur on or before December 31, 1998. The EFTPS system allows you to make tax deposits without coupons, paper checks, or visits to an authorized depository. You may enroll in EFTPS even if you are not required to use it. To enroll in EFTPS, call 1-800-945-8400 or 1-800-555-4477. For general information about EFTPS, call 1-800-829-1040.

**Social security and Medicare taxes.** The 1998 wage base is \$68,400 for social security. There is no wage base limit for Medicare. The social security tax rate is 6.2% and the Medicare tax rate is 1.45% each for the employer and the employee.

**Reconciliation of Forms 943 and W-3.** You should be sure that the totals shown on Form 943 agree with the totals for the same items on **Form W-3**, Transmittal of Wage and Tax Statements. See the line 8 instructions for valid reasons the totals may not match. If there is a valid reason, keep any records that show why the totals do not match.

### General Instructions

**Purpose of form.** Use Form 943 to report income tax withheld and employer and employee social security and Medicare taxes on wages paid to farmworkers. If you have household employees working in your private home on your farm operated for a profit, they are considered farm employees. To report social security, Medicare, and income tax withholding on the wages of household employees, you may either:

1. File **Schedule H (Form 1040)**, Household Employment Taxes, with your Form 1040 or

2. Include the wages with other farm employee wages on Form 943.

If you paid wages to a household employee in a home that is not on a for-profit farm, you must report the taxes on Schedule H. If you paid wages to nonfarm workers, do not report these on Form 943. Report them on **Form 941**, Employer's Quarterly Federal Tax Return. See **Pub. 926**, Household Employer's Tax Guide, for more information about household employees.

**Who must file.** File Form 943 if you paid wages to one or more farmworkers and the wages were subject to social security and Medicare taxes or income tax withholding under the tests discussed below. For definitions of farmworkers and wages, see **Circular A**, Agricultural Employer's Tax Guide (Pub. 51).

**The \$150 test or the \$2,500 test.** All cash wages you pay to farmworkers are subject to social security and Medicare taxes and income tax withholding for any calendar year that you meet either of these tests:

- You pay an employee cash wages of \$150 or more for farmwork.
- The total (cash and noncash) wages you pay to farmworkers is \$2,500 or more.

If the \$2,500-or-more test for the group is not met, the \$150-or-more test for an individual still applies.

**Exceptions.** Special rules apply to certain hand-harvest laborers who receive less than \$150 in annual cash wages and household employees who receive less than \$1,100 in annual cash wages. For more information, see Circular A.

**When to file.** For 1998, file Form 943 by February 1, 1999. However, if you made deposits on time in full payment of the taxes due for the year, you may file the return by February 10.

After you file your first return, the IRS will send you a form every year. If you receive a form for a year in which you are not liable for filing, write "NONE" on line 11 and send the form back to the IRS.

If you stop paying wages during the year and do not expect to pay wages again, file a final return for 1998. Be sure to mark the box at the top. If you later become liable for any of the taxes, notify the IRS.

**Where to file.** Find the state and, if applicable, county location of your legal residence, principal place of business, office, or agency in the list below. Send your return to the **Internal Revenue Service** at the address listed for your location. No street address is needed.

Florida, Georgia, South Carolina	<b>Return without payment:</b> Atlanta, GA 39901-0018	<b>Return with payment:</b> P.O. Box 105094 Atlanta, GA 30348-5094
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	<b>Return without payment:</b> Holtsville, NY 00501-0018	<b>Return with payment:</b> P.O. Box 254 Newark, NJ 07101-0254
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	<b>Return without payment:</b> Andover, MA 05501-0018	<b>Return with payment:</b> P.O. Box 371475 Pittsburgh, PA 15250-7475
Illinois, Iowa, Minnesota, Missouri, Wisconsin	<b>Return without payment:</b> Kansas City, MO 64999-0018	<b>Return with payment:</b> P.O. Box 970015 St. Louis, MO 63197-0015
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	<b>Return without payment:</b> Philadelphia, PA 19255-0018	<b>Return with payment:</b> P.O. Box 8526 Philadelphia, PA 19162-8526
Indiana, Kentucky, Michigan, Ohio, West Virginia	<b>Return without payment:</b> Cincinnati, OH 45999-0018	<b>Return with payment:</b> P.O. Box 6538 Chicago, IL 60680-6538
Kansas, New Mexico, Oklahoma, Texas	<b>Return without payment:</b> Austin, TX 73301-0018	<b>Return with payment:</b> P.O. Box 970015 St. Louis, MO 63197-0015
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	<b>Return without payment:</b> Ogden, UT 84201-0018	<b>Return with payment:</b> P.O. Box 7353 San Francisco, CA 94120-7353
California (all other counties), Hawaii	<b>Return without payment:</b> Fresno, CA 93888-0018	<b>Return with payment:</b> P.O. Box 60819 Los Angeles, CA 90060-0819
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	<b>Return without payment:</b> Memphis, TN 37501-0018	<b>Return with payment:</b> P.O. Box 1212 Charlotte, NC 28201-1212
If you have no legal residence or principal place of business in any state		<b>All Returns:</b> Philadelphia, PA 19255-8526

**Forms W-2 and W-3.** By February 1, 1999, give **Form W-2**, Wage and Tax Statement, to each employee who was working for you at the end of 1998. If an employee stops working for you before the end of the year, give him or her Form W-2 any time after employment ends but no later than January 31 of the following year. If the employee asks you for Form W-2, give him or her the completed form within 30 days of the request or the last wage payment, whichever is later.

By March 1, 1999, send Copy A of all Forms W-2 with Form W-3 to the Social Security Administration. The address is in the instructions for Form W-3.

**Filing on magnetic media.** If you must file 250 or more Forms W-2, you are required to use magnetic media instead of filing Copy A of Form W-2. See the **Instructions for Form W-2** for more information.

**Penalties and interest.** There are penalties for filing a return late, for paying or depositing taxes late, or for failing to deposit electronically when required, unless there is reasonable cause. If you are filing late, please attach an explanation to your return. There are also penalties for willful failure to (1) file returns and pay taxes when due, (2) give Form W-2 to employees, or (3) keep records. There are also penalties for filing false returns or submitting bad checks. Interest is charged on taxes paid late at the rate set by law. See Circular A for details.

**Caution:** *If income, social security, and Medicare taxes that must be withheld are not withheld or are not paid to the United States Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid taxes. This penalty may apply to you if these unpaid taxes cannot be immediately collected from the employer or business. See Circular A.*

## Specific Instructions

**Line 1.** Show the number of agricultural employees on your payroll during the pay period that including March 12, 1998. Do not include household employees in your private nonfarm home, persons who receive no pay during the pay period, pensioners, or members of the Armed Forces.

**Line 2.** Show the total taxable cash wages you paid all your employees for farmwork in the calendar year. Report the full cash wages before tax was deducted. Do not include (a) the value of noncash items such as food or lodging or (b) pay for services other than farmwork. Report the full cash wages before tax was deducted. If you paid an employee more than \$68,400 in 1998, show only \$68,400 for that employee.

**Line 4.** Show the total taxable cash wages you paid all your employees for farmwork in the calendar year. Do not include (a) the value of noncash items such as food or lodging or (b) pay for services other than farmwork. Report the full cash wages before tax was deducted.

**Line 6.** You must withhold income tax from employees from whom you withhold social security and Medicare taxes. See Circular A for more information on withholding rules. Enter income tax withheld on wages paid to employees.

**Line 8.** Use line 8 to adjust amounts of social security and Medicare taxes reported in the current year or a prior year. (See also *Income tax adjustments* below.)

**Current year adjustments.** In certain cases, amounts reported as social security and Medicare taxes on lines 3 and 5 must be adjusted to arrive at your correct liability.

**Fractions of cents.** If there is a difference between the total tax on line 3 or 5 and the total deducted from your employees' wages because of fractions of cents added or dropped in collecting the tax, report the difference on line 8. If this difference is the only entry, write "Fractions only" in the margin.

**Prior year adjustments.** Prior year adjustments include errors in social security and Medicare taxes reported on earlier returns or errors in credits for overpayment of penalty or interest paid on tax for an earlier year. If you report both an underpayment and an overpayment, show only the difference. Because any amount shown on line 8 increases or decreases your tax liability, the adjustment must be included on your record of Federal tax liability on Form 943 (line 15) or **943-A**, Agricultural Employer's Record of Federal Tax Liability. Include the adjustment in the report entry area that corresponds with the date on which the error was found.

Explain any prior year adjustments you report on line 8 on **Form 941c**, Supporting Statement To Correct Information, or attach a statement that shows the same information.

Enter on Form 941c or include in the statement the total wages for all your employees as previously reported and as corrected.

If you are adjusting an employee's social security or Medicare wages for a prior year, you must also file **Form W-2c**, Corrected Wage and Tax Statement, and **Form W-3c**, Transmittal of Corrected Wage and Tax

Statements, with the Social Security Administration. You can get these from the IRS.

**Income tax adjustments.** Generally, you cannot adjust amounts reported as income tax withheld in a prior calendar year unless it is to correct an **administrative error**. An administrative error occurs if the amount you entered on the return is not the amount you actually withheld. See Circular A.

**Line 9.** Add line 7 to line 8 if you are adjusting to report additional taxes. Subtract line 8 from line 7 if the adjustment reduces taxes.

**Line 10.** Employees who are eligible can receive advance EIC payments with their wages by giving you **Form W-5**, Earned Income Credit Advance Payment Certificate, annually. For more information, see Circular A.

**Line 12.** Show the total amount deposited for the year, including any overpayment from 1997, as shown in your records.

**Line 13.** You should have a balance due only if your total tax liability for the year (line 11) is less than \$500.

**Note:** Please write your EIN, "Form 943," and "1998" on your check or money order. Make your check or money order payable to the "United States Treasury." You do not have to pay if line 13 is under \$1.

**Exception.** The balance due may be \$500 or more if you are a monthly schedule depositor and are making payments under the accuracy of deposits rule (discussed in Circular A). If line 11 is \$500 or more and you have deposited all taxes when due, the amount shown on line 13 (balance due) should be zero.

**Line 14.** If you deposited more than the correct amount for the year, you can have the overpayment refunded or applied to your next return.

**Note:** If line 14 is under \$1, we will send you a refund or apply it to your next return only on written request.

**Deposit requirements.** In general, you must deposit employer and employee social security and Medicare taxes, and withheld income tax of \$500 or more electronically or with an authorized financial institution or a Federal Reserve bank (FRB). See Circular A for more information.

**Note:** Beginning with calendar year 1999, you are not required to make any deposits of Form 943 taxes if your net taxes are less than \$1,000.

**Additional information.** **Circular A**, Agricultural Employer's Tax Guide, has information you may need about social security, Medicare, Federal unemployment (FUTA), withheld income taxes, and advance earned income credit. It includes tables showing the income tax to withhold from an employee's wages.

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**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on Forms 943 and 943-A to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages, including income tax withholding. These forms are used to report the amount of taxes that you owe. Section 6011 requires you to provide the requested information if the tax applies to you. Section 6109 requires you to provide your employer identification number (EIN). Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. If you fail to provide this information in a timely manner, you may be subject to penalties and interest.

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 these forms will vary depending on individual circumstances. The estimated average time for filing Form 943 is: **Recordkeeping** 9 hr., 34 min.; **Learning about the law or the form** 22 min.; **Preparing the form** 1 hr., 28 min.; **Copying, assembling, and sending the form to the IRS** 16 min. The estimated average time for filing Form 943-A is: **Recordkeeping** 8 hr., 22 min.; **Learning about the law and the form**, 6 min.; **Preparing and sending the form to the IRS** 14 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 tax form to this address. Instead, see **Where to file** on page 1.