2002



# Instructions for Form 943

## **Employer's Annual Tax Return for Agricultural Employees**

#### **Items To Note**

Reporting negative amounts on line 8. Use parentheses in line 8 ("Adjustment to taxes") to show a decrease to the amounts reported on lines 3 or 5.

**Signature on Form 943.** Only an authorized individual may sign Form 943. See **Signature** on page 4.

**Social security wage base for 2002.** Stop withholding social security tax after an employee reaches **\$84,900** in taxable wages.

### Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling **1-800-THE-LOST** (1-800-843-5678) if you recognize a child.

#### **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:

- File **Schedule H (Form 1040)**, Household Employment Taxes, with your Form 1040 or
- Include the wages with other farm employees' 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 \$1,300 in annual cash wages for 2002. For more information, see Circular A.

When to file. For 2002, file Form 943 by January 31, 2003. 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, 2003.

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 2002. Be sure to mark the box at the top of the form indicating that you do not have to file returns in the future. If you later become liable for any of the taxes, notify the IRS.

Electronic deposit requirement. You must make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using the Electronic Federal Tax Payment System (EFTPS) in 2003 if:

- The total deposits of such taxes in 2001 were more than \$200,000 or
- You were required to use EFTPS in 2002.

If you are required to use EFTPS and fail to do so, you may be subject to a 10% penalty. If you are not required to use EFTPS, you may participate voluntarily. To enroll in or get more information about EFTPS, call 1-800-555-4477 or 1-800-945-8400. You can also visit the EFTPS Web Site at www.eftps.gov.

Forms W-2 and W-3. By January 31, 2003, give Form W-2 to each employee who was working for you at the end of 2002. 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.

Filing on paper forms. By February 28, 2003, send Copy A of all Forms W-2 with Form W-3 to the Social Security Administration (SSA). The address is in the Instructions for Forms W-2 and W-3.

Filing electronically. Access Business Services Online (BSO) on the SSA Web Site at www.ssa.gov/employer for information about electronic filing of Forms W-2. If you file electronically (not magnetic media), the due date is March 31, 2003.

*Filing on magnetic media.* If you are required to file 250 or more Forms W-2, you must file them on magnetic media (or electronically) instead of filing Copy A of Form

W-2. See the **Instructions for Forms W-2 and W-3** for more information. The due date for filing forms with the SSA on magnetic media is February 28, 2003.

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 that follows. 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.

Exception for exempt organizations and government entities. If you are filing Form 943 for an exempt organization or government entity (Federal, state, local, or Indian tribal government), use the following addresses regardless of your location:

Return without payment: Ogden, UT 84201-0008

Return with payment: P.O. Box 660587, Dallas, TX 75266-0587

Connecticut, Delaware, District of Columbia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia, Wisconsin

Return without payment:

Return with payment:

Cincinnati, OH 45999-0008

P.O. Box 105094 Atlanta, GA 30348-5094

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Washington, Wyoming

Return without payment:

Return with payment:

Ogden, UT 84201-0008

P.O. Box 660587 Dallas, TX 75266-0587

If you have no legal residence or principal place of business in any

Return without payment:

Philadelphia, PA 19255-8526

Return with payment:

P.O. Box 80107

Cincinnati, OH 45280-0007

Reconciliation of Form 943 to Forms W-2 and W-3. Certain amounts reported on Form 943 for 2002 should agree with the Form W-2, Wage and Tax Statement, totals reported on Form W-3, Transmittal of Wage and Tax Statements. The amounts from Form W-3 that should agree with the related lines on Form 943 are: income tax withholding (box 2), social security wages (box 3), Medicare wages and tips (box 5), social security tips (box 7), and the advance earned income credit payment (box 9). If the totals do not agree, the IRS may require you to explain any differences and correct any errors. If there is a valid reason, keep any records that show why the totals do not match. For more information, see section 12 of Circular A.

**Depositing Taxes.** If your net taxes (line 11) are \$2,500 or more for the year, you generally must deposit your tax liabilities at an authorized financial institution using Form 8109, Federal Tax Deposit Coupon, or by using the Electronic Federal Tax Payment System (EFTPS). See section 7 of Circular A, Agricultural Employer's Tax Guide (Pub. 51), for information and rules concerning

Federal tax deposits and to determine your status as a monthly or semiweekly schedule depositor.

**Penalties and interest.** There are penalties for filing a return late and paying or depositing taxes late, unless there is reasonable cause. If you are late, please attach an explanation to your return. There are also penalties for failure to: (a) furnish Forms W-2 to employees and file copies with the SSA or (b) deposit taxes when required. See Circular A for more information. In addition, there are penalties for willful failure to file returns and pay taxes when due and for filing false returns or submitting bad checks. Interest is charged on taxes paid late at the rate set by law.



If income, social security, and Medicare taxes that must be withheld (i.e., trust fund taxes) are not сацтом withheld or are not paid to the United States

Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. This penalty may apply to you if these unpaid taxes cannot be immediately collected from the employer or business. The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so. See section 7 of Circular A for more information.

## **Specific Instructions**

Line 1—Number of agricultural employees. Enter the number of agricultural employees on your payroll during the pay period that included March 12, 2002. 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—Total wages subject to social security tax. Enter the total cash wages subject to social security tax that you paid your employees for farmwork during the calendar year. Enter the amount before deductions. Cash wages include checks, money orders, etc. Do not include (a) the value of noncash items such as food or lodging or (b) pay for services other than farmwork. See section 3 of Circular A for more information. Stop reporting an employee's social security wages when they reach \$84,900 for 2002.

Line 4—Total wages subject to Medicare tax. Enter the total cash wages subject to Medicare tax that you paid your employees for farmwork during the calendar year. Enter the amount before deductions. Do not include (a) the value of noncash items such as food or lodging or **(b)** pay for services other than farmwork. There is no limit on the amount of wages subject to Medicare tax.

Line 6—Federal income tax withheld. Enter Federal income tax withheld on wages paid to your employees. Generally, you must withhold income tax from employees from whom you withhold social security and Medicare taxes. See sections 5 and 13 of Circular A for more information on withholding rules.

Line 8—Adjustment to taxes. Use line 8 to:

- Adjust for rounding of fractions of cents,
- Correct errors in social security and Medicare taxes reported on a prior year return, and
- Correct an administrative error in reporting income tax withholding on a prior year return. See section 9 in Pub. 51. Use parentheses to show a decrease to the amounts reported on lines 3 or 5.

Fractions of cents. If there is a small difference between net taxes (line 11) and total deposits (line 12), it may be caused by rounding to the nearest cent each time you computed payroll. This rounding occurs when you figure the amount of social security and Medicare tax to be withheld from each employee's wages. See Circular A for details. If the fractions of cents adjustment is the only entry on line 8, write "Fractions Only" in the margin.

Prior year adjustments. Prior year adjustments include errors in social security and Medicare taxes reported on earlier returns. 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 also be included on your record of Federal tax liability on Form 943 (line 15) or **Form 943-A**, Agricultural Employer's Record of Federal Tax Liability. For details on how to report adjustments on the Record of Federal Tax Liability, see the instructions for line 15, later, or the instructions for Form 943-A.

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. **Do not** file Form 941c (or statement) separately from Form 943.

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 by calling 1-800-829-3676.

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 section 9 of Circular A.

Line 9—Total taxes. Combine lines 7 and 8; enter the result on line 9.

Line 10—Advance earned income credit (EIC) payments made to employees. Employees who are eligible can receive advance earned income credit (EIC) payments with their wages by giving you Form W-5, Earned Income Credit Advance Payment Certificate, annually. For more information, see sections 6 and 14 of Circular A.

**Line 12—Total deposits.** Enter the total amount deposited for the year, including any overpayment from 2001, as shown in your records.

**Line 13—Balance due.** You do not have to pay if line 13 is under \$1.

Generally, you should show a balance due on line 13 **only** if your net tax liability for the year (line 11) is less than \$2,500. However, see section 7 of Circular A regarding payments made under the accuracy of deposits rule.



If you fail to make deposits as required and instead pay the taxes with Form 943, you may be Subject to a penalty.

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



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

Line 15—Monthly Summary of Federal Tax Liability. (Note: This is a summary of your yearly tax liability, **not** a summary of deposits made. If line 11 is less than \$2,500, do not complete line 15 or Form 943-A.)

Complete line 15 only if your were a **monthly** schedule depositor for the entire year and line 11 is \$2,500 or more. See section 7 of Circular A for details on the deposit rules. You are a monthly schedule depositor for the calendar year if the amount of your Form 943 taxes (line 9) reported for the lookback period is not more than \$50,000. The lookback period is the second calendar year preceding the current calendar year. For example, the lookback period for 2003 is 2001.



If you were a **semiweekly schedule depositor** during any part of the year, do not complete line литюм 15. Instead, complete Form 943-A.

Reporting adjustments on line 15. If the net adjustment during a month is negative (e.g., correcting an overreported liability in a prior period) and it exceeds the total liability for the month, do not enter a negative amount for the month. Instead, enter "-0-" for the month and carry over the unused portion of the adjustment to the next month.

For example, Pine Tree Farm discovered on February 6, 2002 that it overreported social security tax on its 2001 Form 943 by \$2,500. Its Form 943 taxes for the first three months of 2002 were: January—\$2,000; February-\$2,000; and March—\$2,000. Pine Tree Farm should complete line 15 by entering "2,000" on line A, "-0-" on line B, and "1,500" on line C.

The prior period adjustment (\$2,500) offsets the \$2,000 liability for February and the excess \$500 must be used to offset the March liabilities. Since the error was not discovered until February, it does not affect January liabilities reported on line A.

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

Third Party Designee. If you want to allow an employee of your business or an individual paid preparer to discuss your 2002 Form 943 with the IRS, check the "Yes" box in the **Third Party Designee** section of the return. Also, enter the name, phone number, and any five numbers the designee chooses as his or her personal identification number (PIN). The designation must specify an individual and may not refer to your payroll office or a tax preparation firm.

By checking the "Yes" box, you are authorizing the IRS to call the designated employee or paid preparer to answer any questions that may arise during the processing of your return. Your are also authorizing the designated person to:

 Give the IRS any information that is missing from your return,

 Call the IRS for information about the processing of your return or the status of your refund payment(s), and

 Respond to certain IRS notices that you have shared with the designee about math errors and return preparation. (The notices will not be sent to the designee.)

You are not authorizing the designee to receive any refund check, bind you to anything (including additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authorization, see **Pub. 947**, Practice Before the IRS and Power of Attorney.

The designee authorization cannot be revoked. However, the authorization will automatically expire on the due date (without regard to extensions) for filing your 2003 Form 943.

**Signature.** Form 943 must be signed as follows: • **Sole proprietorship.** The individual owning the

- Sole proprietorship. The individual owning the business.
- **Corporation.** The president, vice president, or other principal officer.
- Partnership or unicorporated organization. A responsible and duly authorized member or officer having knowledge of its affairs.
- Trust or estate. The fiduciary.

The return may also be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Forms 943, 943-A, and 943-V 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). 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. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your return to others as described in the Code. For example, we may disclose your tax information 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. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average time for Form 943 is: Recordkeeping, 10 hr., 31 min.; Learning about the law or the form, 40 min.; Preparing the form, 1 hr., 47 min.; Copying, assembling, and sending the form to the IRS, 16 min. The estimated average time for Form 943-A is: Recordkeeping, 8 hr., 22 min.; Preparing and sending the form to the IRS, 8 min. The estimated average time for Form 943-V is 20 min. If you have comments concerning the accuracy of these time estimates or suggestions for making these forms 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 forms to this address. Instead, see Where to file on page 2.