

EMPLOYER TAX GUIDE

Timeline and Overview for Agricultural Employers



Community Food &
Agriculture Coalition



Introduction

Filing employment taxes as a small farmer can feel like a daunting and complicated task. In order to streamline the process we have compiled a simplified timeline and checklist regarding what employment tax forms must be filed and when. In the following document you will find a step-by-step tax guide for agricultural employers, including important dates (we recommend adding these to your farm calendar), space to write down your website login information, and room for personal notes.

This schedule is specific to farm employment. Farm employment includes: Cultivating soil; raising or harvesting any agricultural or horticultural commodity; the care of livestock, poultry, bees, fur-bearing animals, or wildlife. For full list, see **IRS Publication 51 (Circular A)**.

Employers are responsible for withholding and paying employment taxes for their employees, as well as filing annual employee tax returns. In order to file Employment taxes you will need an EIN number, which is a 9-digit identification code issued by the IRS. If you don't already have an EIN, you can apply for one at **IRS.gov/ein**.

Business Name: _____

EIN: _____

Timeline of Employer Tax Forms

By first day of employment:

- Form I-9
- Form W-4 or Form W-9

Within twenty days of hire:

- Montana New Hire Reporting Form

Ongoing throughout year:

- Withhold and deposit Federal Income Tax Withheld, Social Security, and Medicare
- Deposit Federal Unemployment Tax (FUTA) if required

By January 31

- Send W-2 (Wage and Tax Statement) to all employees, and file with Federal, State, and Local agencies (if required)
- Send 1099-MISC (Miscellaneous Income) to all independent contractors, and file with federal agencies
- File W-3 (Transmittal of Wage and Tax Statements)
- File Form 943 (Employer's Annual Federal Tax Return for Agricultural Employees)
- File Form 940 (Employer's Annual Federal Unemployment (FUTA) Tax Return) if required
- File MW-3 (Montana Annual W-2 1099 Withholding Tax Information)

AT START OF EMPLOYMENT

Employee or Independent Contractor?

“Under common-law rules, anyone who performs services for you is your employee if you can control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed. An individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.”

Not sure if someone is an employee or an independent contractor? See the IRS guide **“Independent Contractor (Self-Employed) or Employee?”**.

Notes

Employer Forms

Employer must complete Montana New Hire Reporting Form and submit within 20 days of hire. Form may be submitted online or by mailing to:

Montana New Hire Reporting

P.O. Box 8013

Helena, MT 59604-8013

Employee Forms

- Complete **Form 1-9 (Employee Eligibility Verification)** no later than first day of employment.
- Complete either Form **W-4 (Employee's Withholding Allowance Certificate)** or **Form W-9 (Request for Taxpayer Identification Number and Certification)**. Form W-4 is for employees, Form W-9 is for independent contractors.

New Hire Tax Forms

- **Montana New Hire Reporting Form:** <https://dphhs.mt.gov/Portals/85/csed/documents/montananehirereportingform.pdf>
- **Form I-9** (Employee Eligibility Verification): <https://www.uscis.gov/i-9>
- **Form W-4** (Employee's Withholding Allowance Certificate): <https://www.irs.gov/pub/irs-pdf/fw4.pdf>
- **Form W-9** (Request for Taxpayer Identification Number and Certification): <https://www.irs.gov/pub/irs-pdf/fw9.pdf>

ONGOING THROUGHOUT SEASON

Withholdings

Employer must deposit federal income tax withheld, Social Security, and Medicare either semi-weekly or monthly. Agricultural labor is exempt from Montana state withholding. This step is not necessary for Independent Contractors.



Schedule must be determined by start of calendar year, based on previous tax year's form 941. Federal withholding is based on number of allowances claimed by employee and the income table in **IRS Publication 505**: <https://www.irs.gov/pub/irs-pdf/p505.pdf>.

Funds must be paid using Electronic Federal Tax Payment System through <https://www.eftps.gov/eftps/>

PIN: _ _ _ _

Enrollment #: _____

Password: _____

Deposit **Federal Unemployment Tax (FUTA)** quarterly, if required (see requirements in sidebar).

What To Withhold

Income Tax Withholding, Social Security, and Medicare:

You must withhold if either of the following two conditions are met:

1. You pay cash wages to an employee of \$150 or more in a year for farm work (count all cash wages paid on a time, piecework, or other basis). The \$150 test applies separately to each farmworker that you employ. If you employ a family of workers, each member is treated separately. Don't count wages paid by other employers.
2. The total that you pay for farm work (cash and non-cash) to all your employees is \$2,500 or more during the year.

Federal Unemployment Tax (FUTA):

You must pay if either of the following two conditions are met:

1. Paid cash wages of \$20,000 or more to farmworkers in any calendar quarter in 2018 or 2019
2. Employed 10 or more farm workers during at least some part of a day (whether or not at the same time) during any 20 or more different weeks in 2018 or 20 or more different weeks in 2019.

(Only the employer pays FUTA tax; it isn't withheld from the employees' wages.)

END OF YEAR

Federal Filing

End of Year Tax Forms

- **W-2** (Wage and Tax Statement): <https://www.irs.gov/pub/irs-pdf/fw2.pdf>
- **W-3** (Transmittal of Wage and Tax Statements): <https://www.irs.gov/pub/irs-pdf/fw3.pdf>
- **1099-MISC** (Miscellaneous Income): <https://www.irs.gov/pub/irs-pdf/f1099misc.pdf>
- **Form 943** (Employer's Annual Federal Tax Return for Agricultural Employees): <https://www.irs.gov/pub/irs-pdf/f943.pdf>
- **Form 940** (Employer's Annual Federal Unemployment (FUTA) Tax Return) : <https://www.irs.gov/pub/irs-pdf/f940.pdf> (only applicable for certain operations)
- **Form MW-3** (Montana Annual W-2 1099 Withholding Tax Information): <https://app.mt.gov/myrevenue/Endpoint/DownloadPdf?yearId=782>



For all employees employees, employer must file Forms W-2 (Wage and Tax Statement) and W-3 (Transmittal of Wage and Tax Statements) online or by mail by January 31st.

For W-2, send copy 1 to State and Local Tax Departments, if required. Send copies 2, B, and C to employee by January 31st.

To file online: <https://secure.ssa.gov/acu/LoginWeb/loginHandler.do>

Username: _____

Password: _____

To file by mail:

Social Security Administration Direct Operations Center

Wilkes-Barre, PA 18769-0001

For independent contractors only, employer must file Form 1099-MISC (Miscellaneous Income) by January 31st. Send copy 1 to State Tax Department and copies B and 2 to recipient (independent contractor). Keep copy C for your records.

Notes

END OF YEAR

Federal Filing (continued)

- For independent contractors only, employer must file Form 1099-MISC (Miscellaneous Income) by January 31st. Send copy 1 to State Tax Department and copies B and 2 to recipient (independent contractor). Keep copy C for your records.
- For all employees, employer must file Forms W-2 (Wage and Tax Statement) and W-3 (Transmittal of Wage and Tax Statements) online or by mail by January 31st for employees.
- File Form 943 (Employer's Annual Federal Tax Return for Agricultural Employees) online or by mail by January 31st.



To file by mail with payment:

Internal Revenue Service
P.O. Box 37943
Hartford, CT 06176-7943

To file by mail without payment:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0008

- If you were required to pay FUTA taxes, file Form 940 (Employer's Annual Federal Unemployment (FUTA) Tax Return) by January 31st.

Notes

END OF YEAR

State Filing

File W-2 and 1099 to State of Montana by January 31.

File MW-3 to State of Montana by January 31. Note that Montana form MW-3 is not interchangeable with Federal form W-3. Though agricultural labor is exempt from Montana state withholding, it is still necessary to file an MW-3 at the end of year.

To file online: ePass/File Transfer Service: <https://tap.dor.mt.gov/> or <https://transfer.mt.gov>

Username: _____

Password: _____

To file by mail:

Montana Department of Revenue

PO Box 5835

Helena, MT 59604-5835



What To Keep For Your Records

Keep all records of employment taxes for at least 4 years. These should be available for IRS review. Your records should include the following:

- Amounts and dates of all wage, annuity, and pension payments.
- Names, addresses, SSNs, and occupations of employees and recipients.
- Any employee copies of Forms W-2 and W-2c returned to you as undeliverable.
- Dates of employment for each employee.
- Periods for which employees and recipients were paid while absent due to sickness or injury and the amount and weekly rate of payments you or third-party payers made to them.
- Copies of employees' and recipients' income tax withholding allowance certificates (Forms W-4, W-4(SP), W-4P, and W-4S).
- Dates and amounts of tax deposits you made and acknowledgment numbers for deposits made by EFTPS.
- Copies of returns filed and confirmation numbers.
- Records of fringe benefits and expense reimbursements provided to your employees, including substantiation.



Notes

Additional Tax Resources

- **2020 Agricultural Employer's Tax Guide:** <https://www.irs.gov/pub/irs-pdf/p51.pdf>
- **IRS Pub. 51 (Circular A)** <https://www.irs.gov/publications/p51>
- **Reporting Due Dates:** <https://www.irs.gov/businesses/small-businesses-self-employed/employment-tax-due-dates>
- **Depositing and Reporting Employment Taxes:** <https://www.irs.gov/businesses/small-businesses-self-employed/depositing-and-reporting-employment-taxes>
- **Montana Guide to Wage Withholding:** <https://mtrevenue.gov/taxes/wage-withholding/>
- **Farm Commons:** <https://farmcommons.org/resources-search>

About this document

These resources are provided by CFAC for educational and informational purposes only and are NOT legal services. Special thanks to Jacob Cowgill of Prairie Heritage Farm for inspiring and providing a template for this document with his own copious employment tax notes!

For further information and additional resources, please visit www.farmlinkmontana.org/resources/.

This resource was created by the **Community Food and Agriculture Coalition** of Missoula. Inquiries may be sent to bfrprogram@missoulacfac.org.



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