

# Federal Unemployment Tax (FUTA)

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Most employers are required to pay Federal unemployment taxes in addition to income and social security taxes. This publication summarizes the guidelines for Federal Unemployment Tax (FUTA) payments.

## FUTA tax rate

The gross FUTA tax rate is 6.2%. Generally, you can take a credit against your FUTA tax for amounts you paid into state unemployment funds (see EC 337, *Oregon Employment Tax*). This credit is limited to 5.4% of taxable wages. Net FUTA tax rate is 0.8% (.008).

## Who must pay?

Employers must pay FUTA if they:

1. Paid cash wages of \$20,000 or more to farmworkers in any calendar quarter of the current or preceding year.
2. 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 during the current or preceding year.

## Depositing FUTA payments

Mail or deliver payments to an authorized financial institution or Federal Reserve Bank or branch in your area. Your payment should be accompanied by Form 8109 *Federal Tax Deposit Coupon*. You may order coupon books by using Form 8109A, *FTD Reorder Form*, available from the Internal Revenue Service (IRS).

## Calculating payments

Include as farmworkers aliens legally admitted to the United States on a temporary basis to do farmwork to determine if you meet conditions above. Wages paid to these aliens are exempt from FUTA taxes through 1992, but are still included to determine if you meet condition 1 above.

FUTA payments are calculated on a quarterly basis.

1. During each of the first 3 quarters of the year, multiply the first \$7,000 of each employee's wages paid during the quarter by 0.008.
2. Total the values estimated in point 1 (above).
3. If the total FUTA tax for any quarter (plus any undeposited FUTA tax for earlier quarters in the year) is more than \$100, a deposit must be made during the first month following the quarter. If the total is less than \$100, carry it over to the next quarter.

## What about farmworkers supplied by crew leaders?

Farmworkers supplied by crew leaders are considered employees of the farm operator unless:

1. The crew leader is registered under the Migrant and Seasonal Worker Protection Act, or
2. Substantially all the workers supplied by the crew leader operate or maintain tractors, harvesting or crop dusting machines, or other machines provided by the crew leader.

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Federal unemployment tax  
(FUTA)



**Filing annual FUTA tax returns** Employers must file Form 940 by January 31. If the FUTA tax reported on Form 940 minus the amounts deposited for the first 3 quarters of the year is more than \$100, deposit the whole amount by January 31.

If the amount is less than \$100, either deposit the tax or include your payment with Form 940 by January 31. If you deposited all FUTA taxes when due during the first 3 quarters, you have up to 10 additional days (or until February 10) to file Form 940.

Calendar	January	File Form 940
	February	
	March	Calculate 1st quarter FUTA
	April	Pay 1st quarter FUTA
	May	
	June	Calculate 2nd quarter FUTA
	July	Pay 2nd quarter FUTA
	August	
	September	Calculate 3rd quarter FUTA
	October	Pay 3rd quarter FUTA
	November	
	December	Calculate total FUTA

**Family employees** Family employees are exempt from FUTA if services are performed by employer's father, mother, or spouse, or by employer's sons or daughters under the age of 21.

**For more information** Call or write for these materials; single copies available at no charge:

Internal Revenue Service  
Forms Distribution Center  
Rancho Cordova, CA 95743-0001  
1-800-424-3676

Publication 51, Circular A  
*Agricultural Employer's Tax Guide*

Publication 15, Circular E  
*Employer's Tax Guide*



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