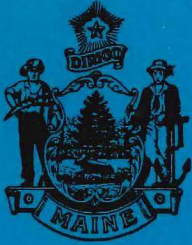


MAINE STATE LEGISLATURE

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Report of the Task Force on State and Federal Tax Filing

January 16, 1998

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**State of Maine
118th Legislature
Second Regular Session**

**Report of the Task Force on State
and Federal Tax Filing**

January 16, 1998

Members:

Representative Scott Cowger, chair
Senator John Nutting
Representative Peter Cianchette
Robert Flanagan, Maine Department of Labor
Thomas Giordano, Maine Revenue Services
Kathy Idziak, Internal Revenue Service
Patricia Leblanc, Leblanc Foods, Inc.
Brian Mahany, Maine Revenue Services
James McGregor, Maine Merchants Association
James Parker, Civil Engineering Services
Thomas Sawyer, Internal Revenue Service

Staff:

Lauren Stewart, Maine Revenue Services

Additional support from:

Margaret Reinsch, Office of Policy & Legal Analysis

Executive Summary

The 118th Maine Legislature established the Task Force on State and Federal Tax Filing to develop recommendations for a single-form filing and payment system for state and federal tax payments and withholdings by small businesses, including any legislation necessary for implementation of the plan. The Task Force was authorized to meet up to four times and submit its report to the Second Regular Session of the 118th Legislature. Accordingly, meetings of the Task Force were held on November 24, December 1, December 8 and December 15 of 1997. Staff support was provided by Maine Revenue Services. The Internal Revenue Service, the Montana Department of Revenue, the Maine Department of Human Services and the Federation of Tax Administrators also provided important information and assistance.

The Task Force has concluded that the schedule originally envisioned does not provide adequate time for conducting the research needed to determine the best way to simplify reporting requirements for small businesses in Maine, nor does it make sufficient allowance for the number and complexity of the issues raised by combined reporting and payment of federal and state taxes. Consequently, the Task Force will submit legislation to provide for up to 12 additional meetings to be held during 1998, to authorize reimbursement of members appointed to represent the business community for their expenses, and to extend the deadline for submission of the Task Force's final report until January 1, 1999.

The Task Force makes the following interim recommendations:

1. The Task Force should continue to meet on a monthly basis through December of 1998 and submit its final report on January 1, 1999.
2. A Certified Public Accountant should be appointed to the Task Force in order to ensure that the perspective of the accounting community is adequately represented in its recommendations.
3. A survey of small businesses in Maine should be conducted in order to assess the level of interest in and likely acceptance of a single payment system for state and federal taxes.
4. The Task Force should continue to gather information about Internal Revenue Service and other state initiatives and work with the Internal Revenue Service to explore the feasibility of combining federal and state forms for unemployment taxes, income tax withholding and Social Security and Medicare.
5. The Task Force should continue to work towards combining Maine state sales tax and withholding tax forms as a state initiative.

Findings of the Task Force

The 118th Maine Legislature established the Task Force on State and Federal Tax Filing by Resolves 1997, chapter 66. The Task Force was charged with developing a plan for implementing a single-form filing and payment system for state and federal taxes for use by small businesses. The Legislature was concerned that the complexity and diversity of federal and state tax and wage reporting requirements, rules and procedures impose a significant burden on small businesses in Maine, and that this burden represents an obstacle to economic growth and job creation within the State. Harmonization and consolidation of reporting forms, due dates, and record keeping requirements could afford a significant opportunity for reducing the tax and wage reporting burden on businesses while improving the effectiveness and efficiency of governmental operations. Meetings of the Task Force were held on November 24, December 1, December 8 and December 15 of 1997. Staff support was provided by Maine Revenue Services. The Internal Revenue Service, the Montana Department of Revenue, the Maine Department of Human Services and the Federation of Tax Administrators also provided important information and assistance.

The Resolve authorizing the Task Force specifically included state sales tax, state and federal unemployment taxes, state and federal income tax withholding, and Social Security and Medicare payments within the scope of the study. At its first meeting, the Task Force decided to consider reporting of new hires to the Bureau of Family Independence for possible consolidation as well. In view of its mandate to develop a simplified filing and payment system for small businesses, the tax force explored various options for defining the term "small business." Options that were considered included identifying small businesses based on the number of employees, or establishing a threshold based on some measure of tax obligation. Agreement was reached that the definition should be based on tax obligation. There was also agreement that there should be a uniform monetary threshold for all tax types if possible, but that there are potential problems associated with using one unvarying monetary amount for all tax types. The Task Force focused its attention on two areas: the combination of federal and state unemployment and income tax withholding on a single form for filing and payment, and the combining of state sales tax and state withholding tax forms as a state initiative.

The Task Force finds that Maine Revenue Services (formerly the Maine Bureau of Taxation) has changed its focus in the last year and now provides various services to other state agencies. Maine Revenue Services (MRS) operates three major technology centers providing services to Maine state government: a computer application system which handles the processing of returns and payments; a scanning and imaging system which provides data capture and images of paper documents; and a voice response and Internet application that supports electronic commerce and public access to state data systems. Some projects recently undertaken by MRS for other agencies include processing of combined returns for state income tax withholding and unemployment contributions for the Department of Labor, collection of delinquent debts and processing of payments for the Judicial Branch, imaging of closed support enforcement case files for the

Department of Human Services, and data capture and image services for the Workers Compensation Board.

MRS has already implemented several initiatives to simplify tax reporting for small businesses. These initiatives include combined reporting and payment and common filing dates for state income tax withholding and unemployment contributions, elimination of monthly income tax withholding payments by most employers, and the development of simplified "short form" returns for both sales tax and corporate income tax.

The Task Force finds that MRS has the technological resources needed to support a combined federal and state filing system. Working with the Maine Department of Labor, MRS has already combined filing and payment of income tax withholding and unemployment contributions. MRS has already developed the ability to split payments and credit the funds to the appropriate tax. Payments made pursuant to a combined federal and state filing should be applied on a percentage or proration basis. It would be necessary to develop a protocol for allocating payments between federal and state taxes, and then a secondary level of allocation between the various state taxes which takes into account the enforcement and collection tools available for each tax type.

The Task Force is concerned about the ability of small businesses to invest in expensive computer equipment in order to participate in electronic filing. MRS has responded to that concern by investing in a telephone system for income tax filing. Tax filers who qualify to use the Form 1040S-ME (Maine income tax short form) can file their returns over the telephone using MRS's TeleFile system. For those taxpayers that are not able to utilize touch-tone telephone service, a voice response system is available. The tax filer prepares a worksheet prior to TeleFiling which also serves as the tax filer's copy of the return. Under present law any paper return filed must have a signature and date line, so the worksheet cannot be forwarded as an original to MRS unless it is modified to include a signature line. The Task Force finds that MRS should investigate expanding the use of TeleFile for business taxes while continuing to accept paper returns.

Three quarters of the approximately 60,000 sales tax registrants currently qualify to use a simplified "short form" sales tax return. Roughly 25 to 30 per cent of the 60,000 sales tax registrants are monthly filers. All but a very small percentage owe money when they file their returns. Approximately 250 to 300 are also required to make monthly estimated tax payments. MRS has implemented imaging and scanning of sales tax returns, which has been very successful for both MRS and the taxpayers. The service provided to taxpayers has improved because errors are being corrected more quickly and data is being captured more quickly.

A new hire notification must be submitted to the Department of Human Services within 7 days after a business hires or rehires a new employee. Maine has participated in the new hire reporting program since 1995. During the period from January 1 through October 31 of 1997, 206,000 completed new hire forms were received from employers. These reports resulted in 16,696 matches on non-custodial parents having outstanding obligations, 15,000 of which

resulted in enforcement action by the agency. Last year \$72 million was collected, 70% of which was passed on to custodial parents. The remainder reimbursed the State for past AFDC payments. New hire legislation has a direct impact on families and is an effective piece of the federal child welfare reform change. For the convenience of businesses required to file these reports, they can be submitted via automated on-line, e-mail or 24 hour fax. The Department of Human Services is currently exploring the possibility of supporting interactive reporting of new hires over the Internet via a web page.

Approximately 2500 employers in Maine currently use the services of 306 payroll service providers for reporting of employment taxes. The data reported are used mostly for computation of unemployment benefits and computation of annual wages. Many businesses have expressed frustration with the requirement for reporting of the number of employees and the number of female employees on the 12th of the month. Failure to report this information is punishable as a Class E crime under Section 1082, Title 26. This is a federal, not a state, requirement. The Task Force is considering a letter to the Maine congressional delegation requesting that it review the need for this information.

The Task Force is very much interested in exploring the possibility of combining Maine state sales tax forms with Maine state income tax withholding forms. However, the Task Force finds that some significant issues exist which must be resolved in order to bring this about. Currently Maine income tax withholding returns are due quarterly, while most sales tax is reported on a monthly basis. The State of Maine is engaged in modifying the way it accounts for tax revenues in order to bring itself into compliance with generally accepted accounting principles (GAAP). Until the State is fully converted to a GAAP-compliant modified accrual accounting method, there would be a large one-time "revenue push" moving revenues from one fiscal year to the next if all sales tax filers were changed to quarterly reporting. There would also be an ongoing loss of interest income due to less timely receipt of money owed to the State. Less frequent payment of tax liabilities would also be a source of concern from the enforcement and collections standpoint. If a business would have had a problem paying withholding or sales tax for a particular month, but is now required to hold the funds in trust to be reported and paid quarterly, the potential for increased debt at the time of filing is greatly expanded. There is the potential option that sales, unemployment and withholding taxes could all be changed to monthly filing. At the Task Force's request, MRS is researching the potential revenue impact of possible changes in filing frequency.

The Task Force considered the possibility that federal forms could be accepted for state filing purposes in an effort to ease the reporting burden on small businesses. The Task Force reviewed the federal and state tax forms currently in use as a means toward reaching a decision whether state or federal forms should be used as the template for a combined reporting form. Discussion of this topic raised the concern that businesses would need to file another form if Maine forms were used, so it may be more practical to use the federal form to build on. Both MRS and the Internal Revenue Service (IRS) are attempting to move away from paper and toward telephone, Internet and other electronic means of filing, and would have reservations about expanding or adding any system that involved mostly or only paper. For this reason, the combining of paper forms may be more or less a moot issue at this time.

Discussion of joint federal and state filing immediately raised three significant issues which are largely beyond the control of Maine state government. Those issues are the need for enactment of federal legislation to support any changes recommended by the Task Force; the ability and willingness of the IRS to participate in and devote significant resources to the joint filing project; and the impact of federal confidentiality statutes on the State's use of state tax information that was reported jointly with federal information.

The Task Force learned from the Federation of Tax Administrators (FTA) that a number of combined federal/state reporting attempts have been made over the years, although the FTA was unable to provide the Task Force with the exact number and types of these initiatives. Most have required federal legislation and have not met with success. Some in Congress are suspicious of joint state and federal tax reporting initiatives because of privacy and "big brother" concerns, especially the possibility that federal tax refunds could be offset for state tax debts. There may also be resistance by businesses to providing all tax information to both agencies, for similar reasons. Opposition from the business community was apparently the primary reason that a joint filing project which had been undertaken by the IRS and the state of Oregon was scrapped.

Other possible sources of opposition include the IRS's reluctance to have forms processed outside of its own service centers due to increased cost, and the threatened loss of federal jobs if processing now performed by federal employees were transferred to the state level. A recent project that would have established a joint federal and state payment system for delinquent account payment plans was derailed by a NTEU (federal employee union) grievance that nonfederal employees would be working on federal tax issues.

The federal government is currently engaged in a project known as the Simplified Tax and Wage Reporting System (STAWRS) which is investigating combined filing of employment-related tax returns. Montana has already initiated a pilot combined federal/state filing project with the IRS under the auspices of the STAWRS project, which they hope to have fully implemented by January 1, 1999. Montana has developed a form for joint reporting and has identified a test group of 100 employers, including both small and large businesses, to participate in the pilot project. They plan to expand the number of employers each quarter. Under the terms of this pilot project tax payments must still be made separately to the state and federal governments. However, all of the reporting is sent to the state and the state then sends the federal information it receives to the federal government electronically.

The area of confidentiality and the sharing of federal and state information has been a problem for the Montana project, and they are still working at resolving these issues. Federal legislation was needed authorizing the pilot project. Filing both by electronic methods and on paper returns is accepted. Montana modified its filing frequency requirements to match the federal quarterly requirement. Integrating the state sales tax into the combined program was not considered, because Montana does not have a broad-based state sales tax.

The Task Force solicited input from the IRS Office of Federal/State Relations regarding the possibility of a pilot project with Maine similar to the Montana project. The response the Task

Force received was that the IRS is interested, but would require additional information before committing to such a project. They would need to see a cost analysis and recommendations on total processing. They suggested that the Task Force conduct research in order to identify the following: the size of the employer community, the current filing processes for each of the tax types being considered for consolidation, the way that the reports will be received and the payments processed, the requirements for electronic funds transfer, and the benefit to or impact on small businesses. The Office of Federal/State Relations is willing to invest the time required to meet with the Task Force monthly during 1998. Other states have approached the IRS regarding possible combining of federal and state tax forms.

The IRS would also like to get a sense of the probable reaction from the employer community to a combined federal/state filing system before proceeding. The Task Force intends to conduct a survey of small businesses to determine the level of interest in and likely acceptance of a single payment system for state and federal taxes in Maine.

The Task Force has determined that a representative of the accounting profession should be included in its deliberations. Accountants and tax practitioners are stakeholders with respect to any significant change in tax reporting procedures, and the Task Force needs to ensure that their perspective is adequately represented in its recommendations.

The Task Force has also concluded that the schedule originally envisioned does not provide adequate time for conducting the research needed to determine the best way to simplify reporting requirements for small businesses in Maine, nor does it make sufficient allowance for the number and complexity of the issues raised by combined reporting and payment of federal and state taxes. Consequently, the Task Force will submit legislation to provide for up to 12 additional meetings to be held during 1998, to authorize reimbursement of members appointed to represent the business community for their expenses, and to extend the deadline for submission of the Task Force's final report until January 1, 1999.

Recommendations of the Task Force

1. The Task Force should continue to meet on a monthly basis through December of 1998 and submit its final report on January 1, 1999.
2. A Certified Public Accountant should be appointed to the Task Force in order to ensure that the perspective of the accounting community is adequately represented in its recommendations.
3. A survey of small businesses in Maine should be conducted in order to assess the level of interest in and likely acceptance of a single payment system for state and federal taxes.
4. The Task Force should continue to gather information about Internal Revenue Service and other state initiatives and work with the Internal Revenue Service to explore the feasibility of combining federal and state forms for unemployment taxes, income tax withholding and Social Security and Medicare.
5. The Task Force should continue to work towards combining Maine state sales tax and withholding tax forms as a state initiative.

Appendix A

Legislation Authorizing the Task Force

Resolves 1997, Chapter 66

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-SEVEN

H.P. 988 - L.D. 1368

**Resolve, to Create a Task Force to Develop a Single Payment
System for State and Federal Taxes for Small Businesses**

Sec. 1. Task force established. Resolved: That the Task Force on State and Federal Tax Filing, referred to in this resolve as the "task force," is established; and be it further

Sec. 2. Task force membership. Resolved: That the task force consists of the following members:

1. Two representatives from the Bureau of Taxation, who must have expertise in the areas of state income and sales taxation, appointed by the Governor;

2. One representative from the State's Department of Labor, appointed by the Governor;

3. Three representatives from the business community, representing different geographic locations in the State, appointed by the Governor;

4. Two members of the House of Representatives, one of whom represents the Joint Standing Committee on Taxation, appointed by the Speaker of the House; and

5. One member of the Senate, appointed by the President of the Senate.

The Governor shall also seek 2 representatives from the Internal Revenue Service to be members of the task force; and be it further

Sec. 3. Appointments; meetings. Resolved: That all appointments must be made no later than 30 days following the effective date of this resolve. The Executive Director of the Legislative Council must be notified by all appointing authorities once the

selections have been made. Within 15 days after the appointment of all members has been completed, the Chair of the Legislative Council shall call and convene the first meeting of the task force. The members shall select a chair from among the members; and be it further

Sec. 4. Duties. Resolved: That the task force shall develop a mechanism for a single-form filing and payment system for state and federal tax payments and withholdings for small businesses. Tax filing of the following must be included in the study: state sales tax, state and federal unemployment tax, state and federal income tax withholding and social security and Medicare payments; and be it further

Sec. 5. Staff assistance. Resolved: That the task force may request staffing assistance from the Bureau of Taxation and the Legislative Council; and be it further

Sec. 6. Reimbursement. Resolved: That the members of the task force who are Legislators are entitled to receive the legislative per diem as defined in the Maine Revised Statutes, Title 3, section 2 and reimbursement for travel and other necessary expenses for attendance at meetings of the task force upon application to the Executive Director of the Legislative Council for those expenses. Other members are not entitled to reimbursement of expenses; and be it further

Sec. 7. Report. Resolved: That the task force shall submit its report, which must include a plan to implement a single-form filing and payment system for state and federal taxes for use by small businesses, together with any necessary implementing legislation, to the Second Regular Session of the 118th Legislature no later than January 1, 1998. If the task force requires an extension, it may apply to the Legislative Council, which may grant the extension; and be it further

Sec. 8. Meetings. Resolved: That the task force may meet up to 4 times; and be it further

Sec. 9. Appropriation. Resolved: That the following funds are appropriated from the General Fund to carry out the purposes of this resolve.

1997-98

LEGISLATURE

Task Force on State and Federal Tax Filing

Personal Services	\$660
All Other	1,100

Provides funds for the per
diem and expenses of
legislative members of the
Task Force on State and
Federal Tax Filing.

LEGISLATURE
TOTAL

\$1,760

Appendix B

Current Federal and State Forms and Filing Schedules

FILING & PAYMENT FREQUENCIES

TAX TYPE	FILING FREQUENCY	PAYMENT/ DEPOSIT	RETURN DUE DATE
SALES & USE	Monthly	Return	15th of the month following the month of reported sales
	Quarterly	Return	15th of the month following the last month of the quarter
	Semi-Annual	Return	July 15th & January 15th
	Annual	Return	January 15th
	Seasonal	Return	15th of the month following each seasonal month
	Consolidated	Return	15th of the month following the month of reported sales
		Est. Payments > \$250,000 tax/year	24th of each month
FEDERAL INCOME TAX WITHHOLDING/ SOCIAL SECURITY & MEDICARE	Quarterly	Return	Last day of the month following the end of the quarter

STATE INCOME
TAX WITHHOLDING
& CQR

Quarterly

Return

Last day of the month
following the end of the
quarter

Semi-weekly

For wages paid Wed.,
Thurs., Fri., tax
withheld is due the
following Wed. If
wages are paid on Sat.,
Sun., Mon., or Tues.,
payment is due the
following Friday.

Quarterly

anytime with 900 voucher

FEDERAL
UNEMPLOYMENT

Annual

Return

Jan 31st or Feb 2 of the
year following the
reported year

Deposits

Quarterly deposits for
unreported FUTA
greater than \$100.00

Last day of the month
following quarter end.

STATE
UNEMPLOYMENT
& CQR

Quarterly

Return

Last day of the month
following the end of the
quarter

SIMILARITIES BETWEEN ALL FORMS

A review of all of the forms indicated the following similarities between all of the forms:

Registration Number/EIN/Labor #
Demographics
Return/Payment Due Date

Filing period
Total Tax
Payments and credits
Amount Due
Signature/Title/Date
Credit/Refund Amounts

SIMILARITIES BETWEEN FEDERAL WITHHOLDING AND STATE WITHHOLDING

Total Taxes withheld
Payments/credits
Amount Due
Credit/Refund

SIMILARITIES BETWEEN FEDERAL UE AND STATE UE

Total payments to employees/total reportable wages
Total taxable wages
Balance Due
Credit/Refund

Maine Bureau of Taxation

Sales and Use Tax Return

See Instructions on Reverse Side of Taxpayer Copy



Registration No.	Business Code	Period Begin	Period End	Due Date
------------------	---------------	--------------	------------	----------

1. Out of Business? Check here ☐ , return permit to Bureau and complete information at right. Date closed _____

2. Entity Information

3. OWNERSHIP CHANGE: Indicate date and type of change
Date of Change: _____

☐ Incorporated ☐ Partner added or dropped
☐ Other (explain of reverse)
☐ Sold to _____

4. NAME CHANGE: Attach explanation

5. ADDRESS CHANGE: If your address in box 2 is incorrect, please make the appropriate changes to the preprinted address.

Sales Breakdown	Gross Receipts	1.	<div></div>	<div></div>	<div></div>	<div></div>	<p>Please complete all lines.</p> <p>Line 4 must equal line 10.</p>
	Deductions: Exempt Sales	2.	<div></div>	<div></div>	<div></div>	<div></div>	
	Industrial Energy Sales	3.	<div></div>	<div></div>	<div></div>	<div></div>	
	Taxable Sales (lines 1-2-3)	4.	<div></div>	<div></div>	<div></div>	<div></div>	

Sales	Restaurant Sales Subject to 7% tax	5.	<div></div>	<div></div>	<div></div>	<div></div>	Tax @ 7%	5A.	<div></div>
	Sales Subject to 6% tax	6.	<div></div>	<div></div>	<div></div>	<div></div>	Tax @ 6%	6A.	<div></div>

Rentals	Video Rentals and	7.	<div></div>	<div></div>	<div></div>	<div></div>	Tax @ 6%	7A.	<div></div>								
	Long Term Rentals of Autos																
	Rentals of Lodging									8.	<div></div>	<div></div>	<div></div>	<div></div>	Tax @ 7%	8A.	<div></div>
	Short Term Rentals of Autos									9.	<div></div>	<div></div>	<div></div>	<div></div>	Tax @ 10%	9A.	<div></div>

Taxable Sales	Add lines 5,6,7,8 & 9	10.	<div></div>	<div></div>	<div></div>	<div></div>	Add lines 5A	10A.	<div></div>
	Total must agree with line 4						through 9A		

Use Tax	Industrial Energy Purchases	11.	<div></div>	<div></div>	<div></div>	<div></div>	Tax @ 6%	11A.	<div></div>
	Other Taxable Purchases	12.	<div></div>	<div></div>	<div></div>	<div></div>	Tax @ 6%	12A.	<div></div>

Recycling Fees	Tires and Lead-Acid Batteries	13.	<div></div>	<div></div>	<div></div>	<div></div>	Fees @ \$1	13A.	<div></div>
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Total Due	Total Tax and Fees Due with this Return.	Add lines 10A through 13A	14.	<div></div>	<div></div>	<div></div>	<div></div>
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Credits & Payments	Credit Carry Forward From Prior Period	15.	<div></div>	<div></div>	<div></div>	<div></div>
	Prepayment of Estimated Tax (From Form ST-7D)	16.	<div></div>	<div></div>	<div></div>	<div></div>

Amount Due	Line 14 less lines 15 & 16. Use line 18 if the result is a credit amount.	17.	<div></div>	<div></div>	<div></div>	<div></div>
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Credit Due	If Line 14 less lines 15 & 16 is a credit amount, enter the amount to the right. If you wish a refund rather than a carry forward to the next period, check here <input type="checkbox"/>	18.	<div></div>	<div></div>	<div></div>	<div></div>
------------	---	-----	-------------	-------------	-------------	-------------

Signature _____

Title _____

Date _____

Maine Bureau of Taxation
Sales and Use Tax Return
 See Instructions on Reverse Side of Taxpayer Copy



Registration No.	Business Code	Period Begin	Period End	Due Date
------------------	---------------	--------------	------------	----------

1. Out of Business? Check here <input type="checkbox"/> , return permit to Bureau and complete information at right. Date closed _____ 2. Entity Information	3. OWNERSHIP CHANGE: Indicate date and type of change Date of Change: _____ <input type="checkbox"/> Incorporated <input type="checkbox"/> Partner added or dropped <input type="checkbox"/> Other (explain of reverse) _____ <input type="checkbox"/> Sold to _____ 4. NAME CHANGE: Attach explanation 5. ADDRESS CHANGE: If your address in box 2 is incorrect, please make the appropriate changes to the preprinted address.
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This short version of the sales and use tax return can only be used by retailers whose sales are subject to a 6% tax. You may not use this form if one of the following apply:

- The business is a restaurant licensed to serve alcoholic beverages
- The business is engaged in video rentals or short or long term rentals of automobiles
- The business is a hotel, motel, rooming house or tourist or trailer camp
- The business sells tires or lead-acid batteries subject to recycling assistance fees
- The business is engaged in selling fuel and electricity to manufacturers
- The business is engaged in manufacturing and purchases fuel or electricity exempt from tax
- The business is required to file estimated payments

If you have received this form in error, please contact the Sales /Use Tax Division at (207) 287-2336

Sales	Gross Receipts	1.	,	,	.		
	Exempt Sales	2.	,	,	.		
	Taxable Sales (Line 1 minus line 2)	3.	,	,	.		
	Sales Tax (Line 3 multiplied by 6%)					4.	,
Use	Taxable Purchases	5.	,	,	.		
	Use Tax (Line 5 multiplied by 6%)					6.	,
Total Due	Total Tax Due with this Return (Add lines 4 and 6)	7.	,	,	.		
Credits	Credit Carry Forward From Prior Period					8.	,
Amount Due	Line 7 minus line 8. Use line 10 if the result is a credit amount.					9.	,
Credit Due	If Line 7 minus line 8 is a credit amount, enter the amount to the right. If you wish a refund rather than a carry forward to the next period, check here					10.	,

Signature

Title

Date

Maine Bureau of Taxation
Use Tax Return
See Instructions on Reverse Side of Taxpayer Copy



Registration No.	Business Code	Period Begin	Period End	Due Date
------------------	---------------	--------------	------------	----------

1. Out of Business? Check here <input type="checkbox"/> , return permit to Bureau and complete information at right. Date closed _____	3. OWNERSHIP CHANGE: Indicate date and type of change Date of Change: _____ <input type="checkbox"/> Incorporated <input type="checkbox"/> Partner added or dropped <input type="checkbox"/> Other (explain of reverse) <input type="checkbox"/> Sold to _____
2. Entity Information	4. NAME CHANGE: Attach explanation
	5. ADDRESS CHANGE: If your address in box 2 is incorrect, please make the appropriate changes to the preprinted address.

Use	Industrial Energy Purchases	1.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Tax @ 6%	1A.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Tax	Other Taxable Purchases	2.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Tax @ 6%	2A.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Recycling Fees	Tires and Lead-Acid Batteries	3.	<input type="text"/>	<input type="text"/>			Fees @ \$1	3A.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Due	Total Tax and Fees Due with this Return. Add lines 1A through 3A.							4.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Credits &	Credit Carry Forward From Prior Period							5.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Payments	Prepayment of Estimated Tax (From Form ST-7D)							6.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Amount Due	Line 4 less lines 5 & 6. Use line 8 if the result is a credit amount.							7.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Credit Due	If Line 4 less lines 5 & 6 is a credit amount, enter the amount to the right. If you wish a refund rather than a carry forward to the next period, check here <input type="checkbox"/>							8.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Signature	Title	Date	<input type="text"/>
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Maine Bureau of Taxation Estimate Payment Voucher



Registration No.	Business Code	Period Begin	Period End	Due Date
1. Out of Business? Check here <input type="checkbox"/> , return permit to Bureau and complete information at right. Date closed _____ 2. Entity Information		3. OWNERSHIP CHANGE: Indicate date and type of change Date of Change: _____ <input type="checkbox"/> Incorporated <input type="checkbox"/> Partner added or dropped <input type="checkbox"/> Other (explain of reverse) <input type="checkbox"/> Sold to _____ 4. NAME CHANGE: Attach explanation 5. ADDRESS CHANGE: If your address in box 2 is incorrect, please make the appropriate changes to the preprinted address.		

80% OF YOUR MAINE SALES AND USE TAX LIABILITY FOR

WAS

Amount Remitted

Instructions

Detach the voucher above and return it along with your payment on or before the due date shown to avoid interest and penalty charges. Your payment must be at least the lesser of 80% of your total sales and use tax liability for the current month or 80% of your total sales and use tax liability for the corresponding month of the previous calendar year. Please pay by check or money order payable to the State Treasurer and mail to the Bureau of Taxation, Sales & Use Tax Section, P.O. Box 1065, Augusta, ME 04333. A return envelope is enclosed for your convenience.

80% of your Maine Sales and Use Tax liability for

was

STATE OF MAINE - BUREAU OF TAXATION

Consolidated Breakdown - Maine Sales and Use Tax



Reporting Number	Business Code	Business Name	Period Begin	Period End
Municipality				
Registration #				
Restaurant Sales @ 7%	1 A	2 A	3 A	
Sales Subject to 6% tax	1 B	2 B	3 B	
Video Rentals and Long Term Auto Rentals	1 C	2 C	3 C	
Rentals of Lodging	1 D	2 D	3 D	
Short-term Rentals of Autos	1 E	2 E	3 E	
Industrial Energy Purchases	1 F	2 F	3 F	
Other Taxable Purchases	1 G	2 G	3 G	
Tire & Battery Fees	1 H	2 H	3 H	
Municipality				
Registration #				
Restaurant Sales @ 7%	4 A	5 A	6 A	
Sales Subject to 6% tax	4 B	5 B	6 B	
Video Rentals and Long Term Auto Rentals	4 C	5 C	6 C	
Rentals of Lodging	4 D	5 D	6 D	
Short-term Rentals of Autos	4 E	5 E	6 E	
Industrial Energy Purchases	4 F	5 F	6 F	
Other Taxable Purchases	4 G	5 G	6 G	
Tire & Battery Fees	4 H	5 H	6 H	
Municipality				
Registration #				
Restaurant Sales @ 7%	7 A	8 A	9 A	
Sales Subject to 6% tax	7 B	8 B	9 B	
Video Rentals and Long Term Auto Rentals	7 C	8 C	9 C	
Rentals of Lodging	7 D	8 D	9 D	
Short-term Rentals of Autos	7 E	8 E	9 E	
Industrial Energy Purchases	7 F	8 F	9 F	
Other Taxable Purchases	7 G	8 G	9 G	
Tire & Battery Fees	7 H	8 H	9 H	

STATE OF MAINE BUREAU OF TAXATION
Consolidated Breakdown Maine Sales & Use Tax

Reporting Number	Business Code	Business Name	Period Begin	Period End
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A Municipality	B Registration Number	C Restaurant and Nursing Home Gross Receipts @ 7%	D Sales Subject to 6% tax	E Video Rentals and Long-Term Auto Rentals	F Rentals of Lodging	G Short-Term Rentals of Autos	H Industrial Energy Purchases	I Other Taxable Purchases	J Recycling Assistance Fees - Tires and Batteries	K Recycling Assistance Fees - Other
Totals	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Line 5 Line 6 Line 7 Line 8 Line 9 Line 11 Line 12 Line 13 Line 14
 The Total For Each Column Should Agree With The Indicated Line On The Return.

MAINE REVENUE SERVICES
(FORMERLY BUREAU OF TAXATION)
SALES/EXCISE TAX DIVISION
RULE NO. 304

REPORTS AND PAYMENTS

SUMMARY: Establishes requirements for the filing of sales tax reports and the payment of taxes due pursuant to 36 M.R.S.A., Section 1951.

.01 Reporting.

A. Monthly Reporting. Every retailer except as noted below shall file with the State Tax Assessor on or before the 15th day of each month a report on forms to be obtained from the State Tax Assessor, covering sales for the previous calendar month.

B. Quarterly Reporting. A registrant whose total tax liability normally is less than \$100 per month may, at the discretion of the State Tax Assessor, be permitted to file four quarterly reports each year in lieu of monthly reports.

C. Semiannual Reporting. A registrant whose total tax liability normally is less than \$50 per month may, at the discretion of the State Tax Assessor, be permitted to file two semiannual reports each year in lieu of monthly reports.

D. Annual Reporting. A registrant whose total tax liability normally is less than \$25 per month may, at the discretion of the State Tax Assessor, be permitted to file one annual report each year in lieu of monthly reports.

E. Seasonal Reporting. Upon application to the State Tax Assessor a registrant operating a seasonal business may be relieved of reporting for the month or months during which the business is inactive.

F. Extension of Time for Reporting. The time for filing returns may, for good cause, be extended up to 30 days. Such extensions shall be valid only when granted in writing by, or under authority of, the State Tax Assessor.

In the case of such extensions, late filing penalties will not apply if the return is filed within the time granted by the extension. Interest at the rate provided by law will apply, however, computed from the date the return would have been required to be filed had no extension been granted.

G. Cash Basis. A person who filed his federal income tax return on a cash basis may be permitted to file his sales tax returns on a cash basis upon application to the State Tax Assessor. Once authorized to report on a cash basis, a person will be required to report on this basis until written authorization is given to report on an accrual basis. A person who files his federal income tax return on an accrual basis will be required to file his sales tax return on an accrual basis.

H. Additional Report. In addition to filing the regular monthly report noted above, motor vehicle, watercraft, aircraft, tractor, manufactured housing and trailer dealers must file, at the same time, a special report listing, respectively, motor vehicles, watercraft, aircraft, tractors, manufactured housing and trailers sold during the previous month. This report must be filed on report forms to be obtained from the State Tax Assessor.

I. Agents of Seller. Any agent, salesman or other representative of a seller who is himself required to register under subsection 4 of Section 1754 of the law shall report all sales made by or through him on behalf of his principal.

J. General.

Registered retailers are required to report their total (gross) sales of tangible personal property, with the following exceptions.

a. If no taxable sales are made in a given reporting period, the retailer may so state on his return in lieu of reporting gross sales made during that period.

b. The reporting of nontaxable sales will not be required from any seller of tangible personal property whose sales for resale amount to 75% or more of his total sales.

Permission to report only on the basis of taxable sales under this provision must be obtained in writing from the State Tax Assessor. Permission when granted is effective until revoked in writing by the State Tax Assessor.

Application for such permission may be obtained from the Sales Tax Section of the Bureau of Taxation.

AUTHORITY: 36 M.R.S.A., Section 112.1.

EFFECTIVE DATE: June 1, 1951

LAST AMENDED: November 12, 1989

Form 941

Payment Voucher

Purpose of Form

Complete Form 941-V if you are making a payment with **Form 941**, Employer's Quarterly Federal Tax Return. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

If you have your return prepared by a third party and make a payment with that return, please provide this payment voucher to the return preparer.

Making Payments With Form 941

Make payments with Form 941 only if:

1. Your net taxes for the quarter (line 13 on Form 941) are less than \$500, or
2. You are a monthly schedule depositor making a payment in accordance with the **accuracy of deposits** rule. (See section 11 of **Circular E**, Employer's Tax Guide, for details.) This amount may be \$500 or more.

Otherwise, you must deposit the amount at an authorized financial institution or by electronic funds transfer. (See section 11 of Circular E for deposit instructions.) Do not use the Form 941-V payment voucher to make Federal tax deposits.

Caution: If you pay amounts with Form 941 that should have been deposited, you may be subject to a penalty. See Circular E.

Specific Instructions

Box 1—Amount paid.—Enter the amount paid with Form 941.

Box 2.—Enter the first four characters of your name as follows:

- **Individuals (sole proprietors, estates).**—Use the first four letters of your last name (as shown in box 5).
- **Corporations.**—Use the first four characters (letters or numbers) of your business name (as shown in box 5). Omit "The" if followed by more than one word.
- **Partnerships.**—Use the first four characters of your trade name. If no trade name, enter the first four letters of the last name of the first listed partner.

Box 3—Employer identification number (EIN).—If you do not have an EIN, apply for one on **Form SS-4**, Application for Employer Identification Number, and write "Applied for" and the date you applied in this entry space.

Box 4—Tax period.—Darken the capsule identifying the quarter for which the payment is made. Darken only one capsule.

Box 5—Name and address.—Enter your name and address as shown on Form 941.

- Make your check or money order payable to the Internal Revenue Service. Be sure to enter your EIN, "Form 941," and the tax period on your check or money order. Do not send cash. Please do not staple your payment to the voucher or the return.
- Detach the completed voucher and send it with your payment and the return.

*U.S. Government Printing Office: 1997 — 417-677/60036



Printed on recycled paper

(Detach here)

Form 941-V

Form 941 Payment Voucher

OMB No. 1545-0029

Department of the Treasury
Internal Revenue Service

► Use this voucher when making a payment with your return.

1997

1 Enter the amount of the payment you are making \$.		2 Enter the first four letters of your last name (business name if corporation or partnership)		3 Enter your employer identification number	
4 Tax period		5 Enter your business name (individual name if sole proprietor)			
<input type="radio"/> 1st Quarter	<input type="radio"/> 3rd Quarter	Enter your address			
<input type="radio"/> 2nd Quarter	<input type="radio"/> 4th Quarter	Enter your city, state, and ZIP code			

For Paperwork Reduction Act Notice, see Instructions for Form 941.



Department of the Treasury
Internal Revenue Service

Instructions for Form 941

(Revised January 1997)

Employer's Quarterly Federal Tax Return

Section references are to the Internal Revenue Code unless otherwise noted.

Paperwork Reduction Act Notice.— We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. 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 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 and 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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	11 hr., 43 min.
Learning about the law or the form	28 min.
Preparing the form	1 hr., 37 min.
Copying, assembling, and sending the form to the IRS	16 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 2.

Changes To Note

Social security wage base for 1997.— Stop withholding social security tax after an employee reaches \$65,400 in taxable wages.

Electronic deposit requirement.— If your total deposits of income tax withheld and social security, Medicare, and railroad retirement taxes were more than \$50,000 in 1995, you must make electronic deposits for all depository tax liabilities that occur after June 30, 1997. When determining whether you exceed the \$50,000 deposit threshold, combine deposits of the following tax returns you filed: Forms 941, 941-PR, 941-SS, 943, 945, and CT-1. If you were required to deposit by electronic funds transfer in prior years, continue to do so throughout 1997. The **Electronic Federal Tax Payment System (EFTPS)** must be used to make electronic deposits. If you are required to make deposits by electronic funds transfer and fail to do so, you may be subject to a 10% penalty. Taxpayers who are not required to make electronic deposits may voluntarily participate in EFTPS. For information on EFTPS, call 1-800-945-8400 or 1-800-555-4477. (These numbers are for EFTPS information only.)

Notice CP 136 mailout limited.— The annual deposit schedule notification (Notice CP 136) will not be mailed to all employers for 1997. For 1997 and following years, this notice will be mailed only to employers identified as having a change in their deposit schedule (monthly or semiweekly) for the next calendar year. See **Circular E**, Employer's Tax Guide, for guidance on determining your deposit schedule.

Other changes.— New laws have been enacted to provide for employer plans for medical savings accounts, educational assistance, long-term care, adoption assistance, and SIMPLE retirement accounts for employees. See **Circular E** and **Pub. 553**, Highlights of 1996 Tax Changes, for more information.

General Instructions

Purpose of form.— To report—

- Income tax you withheld from wages, including tips, supplemental unemployment compensation benefits, and third-party payments of sick pay.
- Social security and Medicare taxes.

Who must file.— Employers who withhold income tax on wages, social security tax, or Medicare tax, must file Form 941 quarterly. If you filed Form 941 on magnetic tape or by electronic or TeleFile methods, do not also file a paper Form 941.

Seasonal employers are not required to file for quarters when they regularly have no tax liability because they have paid no wages. To alert the IRS that you will not have to file a return for one or more quarters during the year, check the **Seasonal employer** box above line 1 on Form 941. The IRS will mail two Forms 941 to you once a year after March 1. The preprinted label will not include the date the quarter ended. You must enter the date the quarter ended when you file the return. The IRS generally will not inquire about unfiled returns if at least one taxable return is filed each year. However, you must check the **Seasonal employer** box on each quarterly return you file. Otherwise, the IRS will expect a return to be filed for each quarter.

Employers who report wages on **household employees**, see **Circular E** and **Pub. 926**, Household Employer's Tax Guide.

Employers who report wages on **farmworkers**, see **Form 943**, Employer's Annual Tax Return for Agricultural Employees, and **Circular A**, Agricultural Employer's Tax Guide.

Business reorganization or termination.— If you sell or transfer your business, both you and the new owner must file a return for the quarter in which the change took place. Neither should report wages paid by the other. (An example of a transfer is when a sole proprietor forms a partnership or corporation. The partnership or corporation is considered a new business and must apply for a new employer identification number (EIN). See section 1 of Circular E.) If a change occurs, please attach to your return a statement that shows: new owner's name (or new name of the business); whether the business is now a sole proprietorship, partnership, or corporation; kind of change that took place (sale, transfer, etc.); and date of the change.

When a business is merged or consolidated with another, the continuing firm must file the return for the quarter in which the change took place. The return should show all wages paid for that quarter. The other firm should file a final return.

If you go out of business or stop paying wages, file a final return. Be sure to mark the final return checkbox and enter the date final wages were paid above line 1. See the **Instructions for Form W-2** for information on the earlier due dates for the expedited furnishing and filing Form W-2 when a final Form 941 is filed..

Form preparation suggestions.— The red color of Form 941 permits machine scanning, which results in faster and more accurate processing. Following are suggestions that will allow the IRS to process Form 941 by machine scanning:

- Make dollar entries without the dollar sign and comma (0000.00).
- Enter negative amounts in parentheses.
- Use the "red" Form 941 provided by the IRS.
- Type or machine print data entries using black ink.
- Do not staple, tape, or clip anything to the form.
- Do not tear.

When to file.— File starting with the first quarter in which you are required to withhold income tax or pay wages subject to social security and Medicare taxes.

Quarter	Ending	Due Date
Jan.-Feb.-Mar.	March 31	April 30
Apr.-May-June	June 30	July 31
July-Aug.-Sept.	Sept. 30	Oct. 31
Oct.-Nov.-Dec.	Dec. 31	Jan. 31

If you deposited all taxes when due for a quarter, you have 10 more days after the above due date to file. If the due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

After you file your first return, we will send you a form every 3 months. Please use this form. If you don't have a form, get one by calling 1-800-TAX-FORM (1-800-829-3676) in time to file the return when due.

Where to file.— In the list below, find the state where your legal residence, principal place of business, office, or agency is located. 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.*

Florida, Georgia, South Carolina

Return without payment: Atlanta, GA 39901-0005	Return with payment: P.O. Box 105703 Atlanta, GA 30348-5703
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New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)

Return without payment: Holtsville, NY 00501-0005	Return with payment: P.O. Box 416 Newark, NJ 07101-0416
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New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Return without payment: Andover, MA 05501-0005	Return with payment: P.O. Box 371493 Pittsburgh, PA 15250-7493
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Illinois, Iowa, Minnesota, Missouri, Wisconsin

Return without payment: Kansas City, MO 64999-0005	Return with payment: P.O. Box 970007 St. Louis, MO 63197-0007
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Delaware, District of Columbia, Maryland, Pennsylvania, Virginia

Return without payment: Philadelphia, PA 19255-0005	Return with payment: P.O. Box 8786 Philadelphia, PA 19162-8786
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Indiana, Kentucky, Michigan, Ohio, West Virginia

Return without payment: Cincinnati, OH 45999-0005	Return with payment: P.O. Box 7329 Chicago, IL 60680-7329
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Kansas, New Mexico, Oklahoma, Texas

Return without payment: Austin, TX 73301-0005	Return with payment: P.O. Box 970013 St. Louis, MO 63197-0013
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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

Return without payment: Ogden, UT 84201-0005	Return with payment: P.O. Box 7922 San Francisco, CA 94120-7922
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California (all other counties), Hawaii

Return without payment: Fresno, CA 93888-0005	Return with payment: P.O. Box 60407 Los Angeles, CA 90060-0407
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Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee

Return without payment: Memphis, TN 37501-0005	Return with payment: P.O. Box 70503 Charlotte, NC 28272-0503
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If you have no legal residence or principal place of business in any state

All Returns:
Philadelphia, PA 19255-0005

Forms W-4.— Each quarter, send with Form 941 copies of any **Forms W-4**, Employee's Withholding Allowance Certificate, received during the quarter from employees claiming (1) more than 10 withholding allowances or (2) exemption from income tax withholding if their wages will normally be more than \$200 a week. For details, see section 9 of Circular E.

Form W-5.— Each eligible employee wishing to receive any advance earned income credit (EIC) payments must give you a completed **Form W-5**, Earned Income Credit Advance Payment Certificate. The employer's requirement to notify certain employees about the EIC can be met by giving each eligible employee **Notice 797**, Possible Federal Tax Refund Due to the Earned Income Credit (EIC). See Circular E and **Pub. 596**, Earned Income Credit, for more information.

Employer Identification number (EIN).— If you do not have an EIN, apply for one on **Form SS-4**, Application for Employer Identification Number. Get this form from the IRS or the Social Security Administration (SSA). If you do not have an EIN by the time a return is due, write "Applied for" and the date you applied in the space shown for the number. You can ask for an EIN by calling the tele-TIN phone number for your state's IRS Service Center listed in the instructions for Form SS-4.

Note: *Always be sure the EIN on the form you file matches the EIN assigned to your business by the IRS. Do not show your personal social security number on forms calling for an EIN. Filing a Form 941 with an incorrect EIN or using another business' EIN may result in penalties and delays in processing your return.*

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 (1) furnish Forms W-2 to employees and file copies with the SSA, (2) keep records, and (3) deposit taxes when required. 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. See Circular E for additional information.

Caution: *A trust fund recovery penalty may apply if income, social security, and Medicare taxes that must be withheld are not withheld or are not paid to the IRS. Under this penalty, certain officers or employees of a corporation, employees of a sole proprietorship, or partners or employees of a partnership become personally liable for payment of the taxes and are penalized an amount equal to the unpaid taxes. This penalty may be applicable when 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. Willfully in this case means voluntarily, consciously, and intentionally.*

Depositing taxes.— If your net taxes (line 13) are \$500 or more for the quarter, you must deposit your tax liabilities at an authorized financial institution with **Form 8109**, Federal Tax Deposit Coupon, or by using the Electronic Federal Tax Payment System (EFTPS). See page 1 for the electronic deposit requirements and section 11 of Circular E for information and rules concerning Federal tax deposits.

Do not use either deposit method to pay delinquent taxes for which you have received a notice from the IRS. These payments should be sent directly to your Internal Revenue Service Center with a copy of any related notice the IRS sent you.

State code.— If you made your deposits in a state other than that shown in your address on Form 941, enter the state code for that state in the box provided in the upper left corner of the form. Use the Postal Service two-letter state abbreviation as the state code. Enter the code "MU" in the state code box if you deposit in more than one state. If you deposit in the same state as shown in your address, do not make an entry in this box.

Related publications.— Circular E explains the rules for withholding, paying, depositing, and reporting Federal income tax, social security and Medicare taxes, and Federal unemployment (FUTA) tax on wages and fringe benefits. See **Pub. 15-A**, Employer's Supplemental Tax Guide, for specialized employment tax information not included in Circular E. Circular A explains rules for employers who have farmworkers. These publications are available by calling 1-800-TAX-FORM (1-800-829-3676).

Specific Instructions

Reconciliation of Forms 941 and W-3.— Certain amounts reported on the four quarterly Forms 941 for 1996 should agree with the **Form W-2**, Wage and Tax Statement, totals reported on **Form W-3**, Transmittal of Wage and Tax Statements, or with information filed with the SSA on equivalent magnetic media reports with the SSA (Form 6559). The amounts that should agree are income tax withholding, social security wages, social security tips, Medicare wages and tips, and the advance earned income credit. If the totals do not agree, the IRS will require you to explain any differences and correct any errors. You can avoid this by making sure correct amounts (including adjustments) are reported on Forms 941 and W-3. See section 12 of Circular E for details.

Line 1—Number of employees.— Enter the number of employees on your payroll during the pay period including March 12 (on the January-March calendar quarter return only). Do not include household employees, persons who received no pay during the pay period, pensioners, or members of the Armed

Forces. An entry of 250 or more on line 1 indicates a need to file Forms W-2 on magnetic media. Call the SSA at 1-800-772-1213 for more information on magnetic media filing requirements.

Line 2—Total wages and tips, plus other compensation.— Enter the total of all wages paid, tips reported, taxable fringe benefits provided, and other compensation paid to your employees, even if you do not have to withhold income or social security and Medicare taxes on it. Do not include supplemental unemployment compensation benefits, even if you withheld income tax on them. Do not include contributions to employee plans that are excluded from the employee's wages (e.g., section 401(k) and 125 plans).

If you get timely notice from your insurance carrier concerning the amount of third-party sick pay it paid your employees, include the sick pay on line 2. If you are an insurance company, do not include sick pay you paid policyholders' employees here if you gave the policyholders timely notice of the payments. See Pub. 15-A for details.

Line 3—Total income tax withheld.— Enter the income tax you withheld on wages, tips, taxable fringe benefits, and supplemental unemployment compensation benefits. An insurance company should enter the income tax it withheld on third-party sick pay here.

Line 4—Adjustment of withheld income tax.— Use line 4 to correct errors in income tax withheld from wages paid in earlier quarters of the **same calendar year**. You may not adjust or claim a refund or credit for any overpayment of income tax that you withheld or deducted from an employee in a prior year. This is because the employee uses the amount shown on Form W-2 as a credit when filing his or her income tax return (Form 1040, etc.). Because any amount shown on line 4 increases or decreases your tax liability, the adjustment must be taken into account on line 17, Monthly Summary of Federal Tax Liability, or on **Schedule B (Form 941)**, 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 17 (on page 4) or the instructions for Schedule B (Form 941). Explain any adjustments on **Form 941c**, Supporting Statement To Correct Information, or an equivalent supporting statement. See section 13 of Circular E for more information.

Do not adjust income tax withholding for quarters in earlier years unless it is to correct an administrative error. An administrative error occurs if the amount you entered on Form 941 is not the amount you actually withheld. For example, if the total income tax actually withheld was incorrectly reported on Form 941 due to a mathematical or transposition error, this would be an administrative error. The administrative error adjustment corrects the amount reported on Form 941 to agree with the amount actually withheld from the employees.

Line 5—Adjusted total of income tax withheld.— Add line 4 to line 3 if you are reporting additional income tax withheld for an earlier quarter. Subtract line 4 from line 3 if you are reducing the amount of income tax withheld. If there is no entry on line 4, the entry will be the same as line 3.

Line 6a—Taxable social security wages.— Enter the total wages subject to social security taxes that you paid your employees during the quarter. Also include any sick pay and taxable fringe benefits subject to social security taxes. See section 5 of Circular E for information on types of wages subject to social security taxes. Enter the amount before deductions. Do not include tips on this line. Stop reporting an employee's wages (including tips) when they reach \$65,400 for 1997. However, continue to withhold income tax for the whole year on wages and tips even when the social security wage base of \$65,400 is reached. See the line 7a instructions for Medicare tax. **If none of the payments are subject to social security tax, mark the checkbox in line 8.**

Line 6c—Taxable social security tips.— Enter all tips your employees reported during the quarter, until tips and wages for an employee reach \$65,400 in 1997. Do this even if you were not able to withhold the employee tax (6.2%). However, see the line 9 instructions.

An employee must report to you cash tips, including tips you paid the employee for charge customers, totaling \$20 or more in a month by the 10th of the next month. The employee may use **Form 4070**, Employee's Report of Tips to Employer, or a written statement.

Do not include allocated tips on this line. Instead, report them on **Form 8027**, Employer's Annual Information Return of Tip Income and Allocated Tips. Allocated tips are not reportable on Form 941 and are not subject to withholding of income, social security, or Medicare taxes.

Line 7a—Taxable Medicare wages and tips.— Use this line to report all wages and tips subject to the Medicare portion of social security. Also include any sick pay and taxable fringe benefits subject to Medicare taxes. See section 5 of Circular E for information on types of wages subject to Medicare taxes. There is no limit on the amount of wages subject to Medicare tax. **If none of the payments are subject to Medicare tax, mark the checkbox in line 8.**

Include all tips your employees reported during the quarter, even if you were not able to withhold the employee tax (1.45%). However, see the line 9 instructions below.

Line 9—Adjustment of social security and Medicare taxes.— **Current period adjustments.**—In certain cases, amounts reported as social security and Medicare taxes on lines 6b, 6d, and 7b must be adjusted to arrive at your correct tax liability. See section 13 of Circular E for information on the following adjustments:

- Adjustment for the uncollected employee share of social security and Medicare taxes on tips.
- Adjustment for the employee share of social security and Medicare taxes on group-term life insurance premiums paid for former employees.
- Adjustment for the employee share of social security and Medicare taxes for sick pay withheld by a third-party payer.
- Fractions of cents adjustment.

Enter the adjustments for sick pay and fractions of cents in the appropriate line 9 entry spaces. Enter the amount of all other adjustments in the "Other" entry space and enter the total of the three types of adjustments, including prior period adjustments (discussed below), in the line 9 entry space to the right. Provide a supporting statement explaining any adjustments reported in the "Other" entry space.

Prior period adjustments.— Use line 9 to correct errors in social security and Medicare taxes reported on an earlier return. If you report both an underpayment and an overpayment, show only the difference.

Because any prior period adjustments shown on line 9 increase or decrease your tax liability, the adjustments must be taken into account on line 17, Monthly Summary of Federal Tax Liability, or on **Schedule B (Form 941)**, 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 17 below or the instructions for Schedule B (Form 941).

Explain any prior period adjustments on Form 941c. **Do not** file Form 941c separately from Form 941. Form 941c is not an amended return, but is a statement providing necessary information and certifications supporting the adjustments on lines 4 and/or 9 on Form 941. You can get Form 941c by calling 1-800-TAX-FORM (1-800-829-3676). If you do not have a Form 941c, you may file an equivalent supporting statement with the return providing the required information about the adjustment(s). See section 13 of Circular E for more information.

If you are adjusting an employee's social security or Medicare wages or tips for a prior year, you must file **Form W-2c**, Corrected Wage and Tax Statement. Send Copy A of the Form W-2c, together with **Form W-3c**, Transmittal of Corrected Wage and Tax Statements, to the Social Security Administration, Data Operations Center, Wilkes-Barre, PA 18769-0001.

Line 10—Adjusted total of social security and Medicare taxes.— Add line 9 to line 8 if the net adjustment on line 9 is positive (e.g., the net adjustment increases your tax liability). Subtract line 9 from line 8 if the net adjustment on line 9 is negative.

Line 12—Advance earned income credit (EIC) payments made to employees.— Enter advance EIC payments made to employees. Your eligible employees may elect to receive part of the EIC as an advance payment. Eligible employees who have a qualifying child must give you a completed Form W-5 stating that they qualify for the EIC. Once the employee gives you a signed and completed Form W-5, you must make the advance EIC payments. The advance EIC payments made to eligible employees are generally made from withheld income tax and employee and employer social security and Medicare taxes. See section 10 of Circular E and Pub. 596 for more information on advance EIC payments and eligibility requirements.

If the amount of your advance EIC payments exceeds your total taxes (line 11) for the quarter, you may claim a refund of the overpayment or elect to have the credit applied to your return for the following quarter. Provide a statement with your return identifying the amount of excess payment(s) and the pay period(s) in which it was paid. See section 10 of Circular E for details.

Line 15—Balance due.— You should have a balance due only if your net tax liability for the quarter (line 13) is less than \$500. (However, see section 11 of Circular E regarding payments made under the **accuracy of deposits rule**). If line 13 is \$500 or more and you have deposited all taxes when due, the amount shown on line 15 (balance due) should be zero. **Caution:** *If you fail to make deposits as required and instead pay these amounts with your return, you may be subject to a penalty.* Enter your EIN, "Form 941", and the tax period to which the payment applies on your check or money order.

Line 16—Overpayment.— If you deposited more than the correct amount for a quarter, you can have the overpayment refunded or applied to your next return by checking the appropriate box. If you do not check either box, your overpayment will be applied to your next return. The IRS may apply your overpayment to any past-due tax account that we have under your EIN.

Line 17—Monthly summary of Federal tax liability.—

Note: *This is a summary of your monthly tax liability, not a summary of deposits made. If line 13 is less than \$500, do not complete line 17 or Schedule B (Form 941).*

Complete line 17 if you are a monthly schedule depositor (see section 11 of Circular E for details on the deposit rules). You are a monthly schedule depositor for the calendar year if the amount of your Form 941 taxes reported for the lookback period is not more than \$50,000. The lookback period is defined as the four consecutive quarters ending on June 30 of the prior year. For 1997, the lookback period begins July 1, 1995 and ends June 30, 1996. If you reported more than \$50,000 during the lookback period or accumulated \$100,000 or more on any day during a month, do not complete columns (a) through (d) of line 17. Instead, complete and attach Schedule B (Form 941).

Reporting adjustments on line 17.— 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 Co. discovered on February 7, 1997 that it overreported social security tax on a prior quarter return by \$2,500. Its Form 941 taxes for the 1st quarter of 1996 were: January \$2,000, February \$2,000, March \$2,000. Pine Co. should enter \$2,000 in column (a), -0- in column (b), \$1,500 in column (c), and \$3,500 in column (d). The prior period adjustment (\$2,500) offsets the \$2,000 liability for February and the excess \$500 must be used to offset March liabilities. Since the error was not discovered until February, it does not affect January liabilities reported in column (a).

If excess negative adjustments are carried forward to the next quarter, do not show these excess adjustments on lines 4 or 9. Line 17, column (d), must equal line 13.

**Employer's Annual Federal
Unemployment (FUTA) Tax Return**

OMB No. 1545-0028

1996

► For Paperwork Reduction Act Notice, see separate instructions.

Name (as distinguished from trade name)

Calendar year

Trade name, if any

Address and ZIP code

Employer identification number

T	
FF	
FD	
FP	
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- A** Are you required to pay unemployment contributions to only one state? (If "No," skip questions B and C.) ☐ Yes ☐ No
- B** Did you pay all state unemployment contributions by January 31, 1997? (If a 0% experience rate is granted, check "Yes.") (If "No," skip question C.) ☐ Yes ☐ No
- C** Were all wages that were taxable for FUTA tax also taxable for your state's unemployment tax? ☐ Yes ☐ No

If you answered "No" to any of these questions, you must file Form 940. If you answered "Yes" to all the questions, you may file Form 940-EZ, which is a simplified version of Form 940. (Successor employers see **Special Credit for Successor Employers**.) You can get Form 940-EZ by calling 1-800-TAX-FORM (1-800-829-3676).

If you will not have to file returns in the future, check here, complete, and sign the return ☐If this is an Amended Return, check here ☐**Part I Computation of Taxable Wages**

1 Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees			1	
2 Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ►	Amount paid			
	2			
3 Payments for services of more than \$7,000. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use the state wage limitation.	3			
4 Total exempt payments (add lines 2 and 3)			4	
5 Total taxable wages (subtract line 4 from line 1) ►			5	

Be sure to complete both sides of this return and sign in the space provided on the back.

Cat. No. 112340

Form **940** (1996)

DETACH HERE

Form 940 Payment Voucher

OMB No. 1545-0028

1996

Use this voucher when making a payment with your return.

Complete boxes 1, 2, 3, and 4. Do not send cash and do not staple your payment to this voucher. Make your check or money order payable to the **Internal Revenue Service**. Be sure to enter your employer identification number, "Form 940," and "1996" on your payment.

1 Enter the amount of the payment you are making ► \$	2 Enter the first four letters of your last name (business name if partnership or corporation)	3 Enter your employer identification number
Instructions for Box 2 —Individuals (sole proprietors, trusts, and estates)— Enter the first four letters of your last name. —Corporations and partnerships—Enter the first four characters of your business name (omit "The" if followed by more than one word).		4 Enter your business name (individual name for sole proprietors) Enter your address Enter your city, state, and ZIP code

Part II Tax Due or Refund

1 Gross FUTA tax. Multiply the wages in Part I, line 5, by .062							1		
2 Maximum credit. Multiply the wages in Part I, line 5, by .054							2		
3 Computation of tentative credit (Note: All taxpayers must complete the applicable columns.)									
(a) Name of state	(b) State reporting number(s) as shown on employer's state contribution returns	(c) Taxable payroll (as defined in state act)	(d) State experience rate period		(e) State ex- perience rate ^a	(f) Contributions if rate had been 5.4% (col. (c) x .054)	(g) Contributions payable at experience rate (col. (c) x col. (e))	(h) Additional credit (col. (f) minus col. (g); if 0 or less, enter -0-.	(i) Contributions actually paid to state
			From	To					
3a	Totals ▶								
3b	Total tentative credit (add line 3a, columns (h) and (i) only—see instructions for limitations on late payments) ▶								
4									
5									
6	Credit: Enter the smaller of the amount in Part II, line 2 or line 3b							6	
7	Total FUTA tax (subtract line 6 from line 1)							7	
8	Total FUTA tax deposited for the year, including any overpayment applied from a prior year							8	
9	Balance due (subtract line 8 from line 7). This should be \$100 or less. Pay to the Internal Revenue Service. See page 3 of the Instructions for Form 940 for details. ▶							9	
10	Overpayment (subtract line 7 from line 8). Check if it is to be: <input type="checkbox"/> Applied to next return, or <input type="checkbox"/> Refunded ▶							10	

Part III Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability.)

Quarter	First	Second	Third	Fourth	Total for year
Liability for quarter					

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.

Signature ▶	Title (Owner, etc.) ▶	Date ▶
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**Employer's Annual Federal
Unemployment (FUTA) Tax Return**

OMB No. 1545-0028

1996

► For Paperwork Reduction Act Notice, see separate instructions.

**EMPLOYER'S
COPY**

- A** Are you required to pay unemployment contributions to only one state? (If "No," skip questions B and C.) ☐ Yes ☐ No
- B** Did you pay all state unemployment contributions by January 31, 1997? (If a 0% experience rate is granted, check "Yes.") (If "No," skip question C.) ☐ Yes ☐ No
- C** Were all wages that were taxable for FUTA tax also taxable for your state's unemployment tax? ☐ Yes ☐ No

If you answered "No" to any of these questions, you must file Form 940. If you answered "Yes" to all the questions, you may file Form 940-EZ, which is a simplified version of Form 940. (Successor employers see **Special Credit for Successor Employers.**) You can get Form 940-EZ by calling 1-800-TAX-FORM (1-800-829-3676).

If you will not have to file returns in the future, check here, complete, and sign the return ☐

If this is an Amended Return, check here ☐

Part I Computation of Taxable Wages

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees			1	
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ►	Amount paid			
		2			
3	Payments for services of more than \$7,000. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use the state wage limitation.	3			
4	Total exempt payments (add lines 2 and 3)			4	
5	Total taxable wages (subtract line 4 from line 1) ►			5	

Form **940** (1996)

Part II Tax Due or Refund

1	Gross FUTA tax. Multiply the wages in Part I, line 5, by .062						1		
2	Maximum credit. Multiply the wages in Part I, line 5, by .054						2		
3 Computation of tentative credit (Note: All taxpayers must complete the applicable columns.)									
(a) Name of state	(b) State reporting number(s) as shown on employer's state contribution returns	(c) Taxable payroll (as defined in state act)	(d) State experience rate period		(e) State ex- perience rate	(f) Contributions if rate had been 5.4% (col. (c) x .054)	(g) Contributions payable at experience rate (col. (c) x col. (e))	(h) Additional credit (col. (f) minus col.(g)). If 0 or less, enter -0-	(i) Contributions actually paid to state
			From	To					
3a	Totals ▶								
3b	Total tentative credit (add line 3a, columns (h) and (i) only—see instructions for limitations on late payments) ▶								
4									
5									
6	Credit: Enter the smaller of the amount in Part II, line 2 or line 3b								6
7	Total FUTA tax (subtract line 6 from line 1)								7
8	Total FUTA tax deposited for the year, including any overpayment applied from a prior year								8
9	Balance due (subtract line 8 from line 7). This should be \$100 or less. Pay to the Internal Revenue Service. See page 3 of the Instructions for Form 940 for details. ▶								9
10	Overpayment (subtract line 7 from line 8). Check if it is to be: <input type="checkbox"/> Applied to next return, or <input type="checkbox"/> Refunded ▶								10

Part III Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability.)

Quarter	First	Second	Third	Fourth	Total for year
Liability for quarter					

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.

Signature ▶

Title (Owner, etc.) ▶

Date ▶

Note: You must keep this copy and a copy of each related schedule or statement for 4 years after the date the tax is due or paid, whichever is later. These copies must be available for inspection by the IRS.



Printed on recycled paper

1996



Department of the Treasury
Internal Revenue Service

Instructions for Form 940

Employer's Annual Federal Unemployment (FUTA) Tax Return

Section references are to the Internal Revenue Code unless otherwise noted.

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. 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 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 this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	11 hr., 43 min.
Learning about the law or the form	18 min.
Preparing and sending the form to the IRS	30 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 office. Instead, see **Where To File** on page 2.

Items to Note

FUTA Tax Rate and Wage Base.— The FUTA tax rate is 6.2% through 1998, and the Federal wage base is \$7,000. Your state wage base may be different.

Exemption for Alien Agricultural Workers.— The exclusion from FUTA tax of wages paid to H-2(A) visa farmworkers was reinstated as a permanent exclusion for services performed after 1994. If you paid FUTA tax on wages paid to these workers in 1995, file an amended return to get a refund. See **Amended Return** on page 3.

Household Employers.— If you have only household employees, do not make deposits of FUTA tax. Instead, report and pay FUTA tax on **Schedule H (Form 1040)**, Household Employment Taxes, with your individual income tax return (e.g., Form 1040 or 1040A), or estate or trust tax return (Form 1041).

State Unemployment Information.— Employers must contact their state unemployment insurance offices to receive their state reporting number, state experience rate, and details about their state unemployment tax obligations.

Electronic Deposit Requirement.— If your total deposits of social security, Medicare, railroad retirement, and withheld income taxes were more than \$50,000 in 1995, you must make electronic deposits for all depository tax liabilities (including FUTA tax) that occur after June 30, 1997. For more information, see **Electronic Deposit Requirement** on page 3.

New Law for 1997.— New laws that affect employer payments for medical savings accounts (MSA), SIMPLE retirement accounts, and adoption assistance programs are effective after 1996. Payments to an MSA are not subject to FUTA tax. Employer contributions under a SIMPLE retirement account are

not subject to FUTA tax, but elective salary reduction contributions are subject to FUTA tax. Payments under adoption assistance programs are subject to FUTA tax. For more information on these and other changes, see the 1997 **Circular E**, Employer's Tax Guide (Pub. 15), and Pub. 553, Highlights of 1996 Tax Changes.

General Instructions

Purpose of Form.— File Form 940 to report your annual Federal unemployment (FUTA) tax. You, as the employer, must pay this tax. Do not collect or deduct it from your employees' wages.

Use **Form 940-EZ**, Employer's Annual Federal Unemployment (FUTA) Tax Return, a simpler version of Form 940, to report your annual FUTA tax if—

1. You paid unemployment taxes ("contributions") to only one state.
2. You paid all state unemployment taxes by January 31.
3. All wages that were taxable for FUTA tax were also taxable for your state's unemployment tax. If, for example, you paid wages to corporate officers (these wages are taxable for FUTA tax) in a state that exempts these wages from its unemployment tax, you cannot use Form 940-EZ.

Note: A successor employer must file Form 940.

For details, get Form 940-EZ. **Do not file Form 940 if you have already filed Form 940-EZ for 1996.**

Use the current year form to avoid delays in processing.

Who Must File.— In general, you must file Form 940 if either of the following tests applies (household and agricultural employers see below):

1. You paid wages of \$1,500 or more in any calendar quarter in 1995 or 1996; or
2. You had one or more employees for some part of a day in any 20 or more weeks in 1995 or 20 or more weeks in 1996.

Count all regular, temporary, and part-time employees. A partnership should not count its partners.

Note: If there is a change in ownership or other transfer of business during the year, each employer who meets test 1 or 2 must file.

Nonprofit Organizations.— Religious, educational, charitable, etc., organizations described in section 501(c)(3) and exempt from tax under section 501(a) are not subject to FUTA tax and are not required to file.

Household Employers.— File a FUTA tax return **ONLY** if you paid cash wages of \$1,000 or more in any calendar quarter in 1995 or 1996 for household work in a private home, local college club, or a local chapter of a college fraternity or sorority. Individuals, estates, and trusts that owe FUTA tax for household work in a private home, in most cases, must file **Schedule H (Form 1040)** instead of Form 940 or 940-EZ. See the instructions for Schedule H. In some cases, such as when you employ both household employees and other employees, you may have the option to report social security, Medicare, and withheld Federal income taxes for your household employee(s) on Form 941 or 943 instead of on Schedule H. If you reported your household employee's wages on Form 941 or 943, you must use Form 940 or 940-EZ to report FUTA tax.

Agricultural Employers.— File Form 940 if either test below applies to you:

1. You paid cash wages of \$20,000 or more to farmworkers during any calendar quarter in 1995 or 1996; or

2. You employed 10 or more farmworkers during some part of a day (whether or not at the same time) for at least 1 day during any 20 different weeks in 1995 or 1996.

Count wages paid to aliens admitted on a temporary basis to the United States to perform farmwork, also known as workers with "H-2(A)" visas, to see if you meet either test. However, wages paid to H-2(A) visa workers are not subject to FUTA tax. **Magnetic Media Reporting.**— You may file Form 940 using magnetic media. See Rev. Proc. 96-18, 1996-4 I.R.B. 73, for the procedures and Pub. 1314 for the tape specifications.

Penalties and Interest.— Avoid penalties and interest by making tax deposits when due, 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 file late, attach an explanation to the return. Get Circular E for information on penalties.

There are also penalties for willful failure to pay tax, keep records, make returns, and filing false or fraudulent returns.

Not Liable for FUTA Tax.— If you receive Form 940 and are not liable for FUTA tax for 1996, write "Not Liable" across the front, sign the return, and return it to the IRS.

Credit for Contributions Paid Into State Funds.— You can claim credit for amounts you pay into a certified state (including Puerto Rico and the Virgin Islands) unemployment fund by the due date of Form 940. Your FUTA tax will be higher if you do not pay the state contributions timely.

"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.

Do not take credit for penalties, interest, or special administrative taxes that are not included in the contribution rate the state assigned to you. Do not take credit for voluntary contributions paid to get a lower assigned rate.

You may receive an additional credit if you have an experience rate lower than 5.4% (.054). This applies even if your rate is different during the year. This additional credit is equal to the difference between actual payments and the amount you would have been required to pay at 5.4%.

The total credit allowable may not be more than 5.4% of the total taxable FUTA wages.

Special Credit for Successor Employers.— A successor employer is an employer who received a unit of an employer's trade or business or all or most of the property used in the trade or business of another employer. The successor employer must employ one or more individuals who were employed by the previous owner immediately after the acquisition.

You may be eligible for a credit based on the state unemployment contributions paid by the previous employer. You may claim these credits if you are a successor employer and acquired a business in 1996 from a previous employer who was not required to file Form 940 or 940-EZ for 1996. **If you are eligible to take this credit, you must file Form 940; you cannot use Form 940-EZ.** See section 3302(e). Enter in Part II, line 3, columns (a) through (i) the information of the predecessor employer as if you paid the amounts.

Successor employers may be able to count the wages that the previous employer paid to their employees when reporting the payments for services that exceed \$7,000 on line 3, Part I. See the instructions for line 3 on page 3.

When To File.— File Form 940 by January 31, 1997. However, if you deposited all tax when due, you have until February 10, 1997, to file your return. Your form is filed on time if it is properly addressed and postmarked no later than the due date.

Where To File.— In the list below, find the state where your legal residence, principal place of business, office, or agency is located. 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.

Florida, Georgia, South Carolina

Return without payment:
Atlanta, GA 39901-0006

Return with payment:
P.O. Box 105887
Atlanta, GA 30348-5887

New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)

Return without payment:
Holtzville, NY 00501-0006

Return with payment:
P.O. Box 1365
Newark, NJ 07101-1365

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Return without payment:
Andover, MA 05501-0006

Return with payment:
P.O. Box 371307
Pittsburgh, PA 15250-7307

Illinois, Iowa, Minnesota, Missouri, Wisconsin

Return without payment:
Kansas City, MO 64999-0006

Return with payment:
P.O. Box 970010
St. Louis, MO 63197-0010

Delaware, District of Columbia, Maryland, Pennsylvania, Puerto Rico, Virginia, Virgin Islands

Return without payment:
Philadelphia, PA 19255-0006

Return with payment:
P.O. Box 8726
Philadelphia, PA 19162-8726

Indiana, Kentucky, Michigan, Ohio, West Virginia

Return without payment:
Cincinnati, OH 45999-0006

Return with payment:
P.O. Box 6977
Chicago, IL 60680-6977

Kansas, New Mexico, Oklahoma, Texas

Return without payment:
Austin, TX 73301-0006

Return with payment:
P.O. Box 970017
St. Louis, MO 63197-0017

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

Return without payment:
Ogden, UT 84201-0006

Return with payment:
P.O. Box 7024
San Francisco, CA 94120-7024

California (all other counties), Hawaii

Return without payment:
Fresno, CA 93888-0006

Return with payment:
P.O. Box 60378
Los Angeles, CA 90060-0378

Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee

Return without payment:
Memphis, TN 37501-0006

Return with payment:
P.O. Box 1210
Charlotte, NC 28201-1210

FUTA Tax Amount To Deposit.— Although Form 940 covers a calendar year, you may have to make deposits of the tax before filing the return. Determine your FUTA tax for each of the first three quarters by multiplying by .008 that part of the first \$7,000 of each employee's annual wages that you paid during the quarter. If any part of the amounts paid are exempt from state unemployment tax, you may deposit more than the .008 rate. For example, in certain states, wages paid to corporate officers, certain payments of sick pay by unions, and certain fringe benefits, are exempt from state unemployment tax.

If your liability for any of the first three quarters of 1996 (plus any undeposited amount of \$100 or less from any earlier quarter) is over \$100, deposit it by the last day of the month after the end of the quarter. If it is \$100 or less, carry it to the next quarter; a deposit is not required. If your liability for the fourth quarter (plus any undeposited amount from any earlier quarter) is over \$100, deposit the entire amount by January 31, 1997. If it is \$100 or less, you can either make a deposit or pay it with your Form 940 by January 31.

The deposit due dates are shown in the following chart:

If undeposited FUTA tax is over \$100 on—	Deposit it by—
March 31	April 30
June 30	July 31
September 30	October 31
December 31	January 31

How To Deposit.— Use Form 8109, Federal Tax Deposit Coupon, when you make each tax deposit (Caution: Please see *Electronic Deposit Requirement* below.) The IRS will send you a book of deposit coupons when you apply for an employer identification number (EIN). Follow the instructions in the coupon book. If you do not have coupons, see *Depositing Taxes* in Circular E.

Make your deposits with an authorized financial institution (e.g., a commercial bank that is qualified to accept Federal tax deposits) or the Federal Reserve bank for your area. To avoid a possible penalty, do not mail deposits directly to the IRS. Records of your deposits will be sent to the IRS for crediting to your business accounts.

Identifying Your Payments.— Write your EIN, "Form 940," and the tax year to which the payment applies on your check or money order. This will help ensure proper crediting of your account. On balance due payments of \$100 or less (Part II, line 9), make your check or money order payable to the "Internal Revenue Service." Enter the amount of the payment on the payment voucher at the bottom of Form 940. If the employer information is not preprinted on the payment voucher, enter the requested information. On payments over \$100 that you are depositing, make your check or money order payable to the depository or Federal Reserve bank where you make your deposit.

Electronic Deposit Requirement.— If your total deposits of social security, Medicare, railroad retirement, and withheld income taxes were more than \$50,000 in 1995, you must make electronic deposits for all depository tax liabilities (including FUTA tax) that occur after June 30, 1997. If you were required to deposit by electronic funds transfer in prior years, continue to do so in 1997. The **Electronic Federal Tax Payment System (EFTPS)** must be used to make electronic deposits. If you are required to make deposits by electronic funds transfer and fail to do so, you may be subject to a 10% penalty. Taxpayers who are not required to make electronic deposits may voluntarily participate in EFTPS. For information on EFTPS, call 1-800-945-8400 or 1-800-555-4477. (These numbers are for EFTPS information only.)

Specific Instructions

Employer's Name, Address, and Employer Identification Number.— Use the preaddressed Form 940 mailed to you. If you must use a form that is not preaddressed, type or print your name, trade name, address, and EIN on it. If you do not receive your EIN by the time a return is due, write "Applied for" and the date you applied for the number.

Questions A through C.— The answers to the questions will direct you to the correct form to file. If you answered "Yes" to all the questions, you may file Form 940-EZ, a simpler version of Form 940. If you answer "No" to any of the questions or you are a successor employer claiming a credit for state unemployment contributions paid by the prior employer, complete and file Form 940.

Final Return.— If you will not have to file returns in the future, check the box on the line below question C. Then complete and sign the return. If you start paying FUTA wages again, file Form 940 or 940-EZ.

Amended Return.— Be sure to use a Form 940 for the year you are amending. Check the amended return box above Part I. File the amended return with the Internal Revenue Service Center where you filed the original return. Complete and sign a new Form 940 with the correct amounts for the tax year you are correcting. Attach a statement explaining why you are filing an

amended return. For example, you are filing to claim the 90% credit for contributions paid to your state unemployment fund after the due date of Form 940.

If you are filing an amended return after June 30 to claim contributions to your state's unemployment fund that you paid after the due date of Form 940, attach a copy of the certification from the state. This will expedite the processing of the amended return.

Part I—Computation of Taxable Wages

Line 1—Total payments.— Enter the total payments you made during the calendar year for services of employees, even if they are not taxable for FUTA tax. Include salaries, wages, commissions, fees, bonuses, vacation allowances, amounts paid to temporary or part-time employees, the value of goods, lodging, food, clothing, and noncash fringe benefits, section 125 (cafeteria) plan benefits and sick pay (including third party if liability transferred to employer). For details on sick pay, see Pub. 15-A, Employer's Supplemental Tax Guide. Include tips reported to you by your employees. Also, include contributions to a 401(k) pension plan. 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.— For FUTA purposes, "wages" and "employment" 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. The amounts reported on line 2 are exempt from FUTA tax. You may deduct these exempt payments from total payments only if you explain them on line 2. Amounts that may be exempt from your state's unemployment tax, for example, corporate officers' wages, may not be exempt from FUTA tax.

Enter payments such as the following on line 2:

1. Agricultural labor if you did not meet either of the tests in **Agricultural Employers** on page 1.
2. Benefit payments for sickness or injury under a worker's compensation law.
3. Household service if you did not pay total cash wages of \$1,000 or more in any calendar quarter in 1995 or 1996, and you included the amount on line 1.
4. Certain family employment.
5. Certain fishing activities.
6. Noncash payments for farmwork or household services in a private home that are included on line 1. Only cash wages to these workers are taxable.
7. Value of certain meals and lodging.
8. Cost of group-term life insurance.
9. Payments attributable to the employee's contributions to a sick-pay plan.
10. Benefits excludable under a section 125 (cafeteria) plan.
11. Any other exempt service or pay.

For more information, see **Special Rules for Various Types of Services and Payments**, in Circular E.

Line 3—Payments for services of more than \$7,000.— Enter the total amounts over \$7,000 you paid each employee. For example, if you have 10 employees and paid each \$8,000 during the year, enter \$80,000 on line 1 and \$10,000 on line 3. **Only the first \$7,000 paid to each employee is subject to FUTA tax. Do not use the state wage limitation for this entry. Generally, the state wage base is a different amount than the Federal wage base of \$7,000. Do not include any exempt payments from line 2 in figuring the \$7,000.**

Successor Employer.— If you acquired a business from an employer who was liable for FUTA tax, you may count the wages that employer paid to the employees who continue to work for

you when you figure the \$7,000 wage base. Enter on line 3 the payments that exceed the \$7,000 wage base, including the payments by the previous employer. See section 3306(b)(1) and Regulations section 31.3306(b)(1)-1(b).

Line 5—Total taxable wages.— This is the total Federal taxable wage amount. Use this amount in Part II to compute the maximum FUTA tax and the maximum credit.

Part II—Tax Due or Refund

Line 1—Gross FUTA tax.— Multiply the total taxable wages in Part I, line 5, by .062. This is the maximum amount of FUTA tax.

Line 2—Maximum credit.— Multiply the total taxable wages in Part I, line 5, by .054. This is the maximum credit that is used to offset FUTA tax.

Line 3—Computation of tentative credit.— You must complete all applicable columns to receive any credit. Your state will provide an experience rate. If you have been assigned an experience rate of 0% or more, but less than 5.4% for all or part of the year, use columns (a) through (i). If you have not been assigned any experience rate, use columns (a), (b), (c), and (i) only. If you have been assigned a rate of 5.4% or higher, use columns (a), (b), (c), (d), (e), and (i) only. If you were assigned an experience rate for only part of the year or the rate was changed during the year, complete a separate line for each rate period.

If you need additional lines, attach a separate statement with a similar format. Also, if you are a successor employer, see **Special Credit for Successor Employers** on page 2.

Column (a)— Enter the two-letter abbreviation of the state(s) to which you were required to pay contributions (including Puerto Rico and the Virgin Islands).

Column (b)— Enter the state reporting number that was assigned to you when you registered as an employer with each state. Failure to enter the correct number may result in unnecessary correspondence.

Column (c)— Enter the state taxable payroll on which you must pay state unemployment taxes for each state shown in column (a). If your experience rate is 0%, enter the wages that you would have had to pay on if the rate had not been granted.

Column (d)— Enter the beginning and ending dates of the experience rate shown in column (e).

Column (e)— Your state experience rate is the rate the state assigned to you for paying your state unemployment tax. This rate may change based on your "experience" with the state unemployment fund, for example, because of unemployment compensation paid to your former employees. If you do not know your rate, contact your state unemployment insurance service. The state experience rate can be stated as a percent or a decimal.

Column (f)— Multiply the amount in column (c) by .054.

Column (g)— Multiply the amount in column (c) by the rate in column (e).

Column (h)— Subtract column (g) from column (f). If zero or less, enter "0." This additional credit is the difference between 5.4% and the state experience rate.

Column (i)— Enter the contributions actually paid to the state unemployment fund by the due date for filing Form 940. **Do not include amounts you are required to pay but have not paid by the Form 940 due date.** See **Amended Return** on page 3. If you are filing after the due date, include all payments made before the return is filed and see the instructions for line 3b below. If you are claiming excess credits as payments of state unemployment contributions, attach a copy of the letter from your state. **Do not include** any penalties, interest, or special administrative taxes (such as surcharges, employment and training taxes, excise tax, and assessments which are generally listed as a separate item on the state's quarterly wage report) not included in the experience rate assigned to you.

Line 3a—Totals.— Enter the totals of columns (c), (h), and (i).

Line 3b—Total tentative credit.— Add line 3a, columns (h) and (i) only. If you file Form 940 after its due date and any contributions in column (i) were made after the due date for filing Form 940, your credit for late contributions is limited to 90% of the amount which would have been allowable as a credit if such contributions were paid on or before the due date for filing Form 940. For example, you paid \$1,500 of state contributions on time and \$1,000 after the due date for filing Form 940. There is no additional credit in column (h). Enter \$2,500, your total state contributions, in column (i). Your total tentative credit on line 3b is \$2,400 (\$1,500 (timely payment) + \$900 (90% of \$1,000)). Because the 90% limit applies to part of your payment, explain below the signature line how you computed the amount on line 3b.

Note: If you are receiving additional credit (column (h)) because your state experience rate is less than 5.4%, the additional credit is not subject to the 90% limitation.

Line 6—Credit.— Enter the smaller of Part II, line 2 or line 3b. This is the credit allowable for your payments to state unemployment funds. If you do not have to make payments to the state, enter zero on this line.

Part III—Record of Quarterly Federal Unemployment Tax Liability

Complete this part if your total tax (Part II, line 7) is over \$100. To figure your FUTA tax liability for each of the first three quarters of 1996, see **FUTA Tax Amount To Deposit** on page 2. Enter this amount in the column for that quarter. This is your tax liability, not your deposit.

Your liability for the fourth quarter is the total tax (Part II, line 7) minus your liability for the first three quarters of the year. The total liability must equal your total tax. Otherwise, you may be charged a failure to deposit penalty figured on your average liability.

*U.S. Government Printing Office: 1996 — 417-677/40229



Employer's Annual Federal
Unemployment (FUTA) Tax Return

OMB No. 1545-1110

1997

► For Paperwork Reduction Act Notice, see page 4.

If incorrect,
make any
necessary
changes. ►

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Follow the chart under **Who May Use Form 940-EZ** on page 2. If you cannot use Form 940-EZ, you must use Form 940 instead.

- A Enter the amount of contributions paid to your state unemployment fund. (See instructions for line A on page 4.) ► \$
- B (1) Enter the name of the state where you have to pay contributions ►
- (2) Enter your state reporting number as shown on state unemployment tax return ►

If you will not have to file returns in the future, check here (see Who must file on page 2) and complete and sign the return ► ☐

If this is an Amended Return, check here ► ☐

Part I Taxable Wages and FUTA Tax

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ►	2	
3	Payments for services of more than \$7,000. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. Do not use your state wage limitation. The \$7,000 amount is the Federal wage base. Your state wage base may be different	3	
4	Total exempt payments (add lines 2 and 3)	4	
5	Total taxable wages (subtract line 4 from line 1)	5	
6	FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year (from your records)	7	
8	Amount you owe (subtract line 7 from line 6). This should be \$100 or less. Pay to "Internal Revenue Service." ►	8	
9	Overpayment (subtract line 6 from line 7). Check if it is to be: <input type="checkbox"/> Applied to next return or <input type="checkbox"/> Refunded ►	9	

Part II Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability.) Complete only if line 6 is over \$100.

Quarter	First (Jan. 1 - Mar. 31)	Second (Apr. 1 - June 30)	Third (July 1 - Sept. 30)	Fourth (Oct. 1 - Dec. 31)	Total for year
Liability for quarter					

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.

Signature ► Title (Owner, etc.) ► Date ►

Cat. No. 10983G

Form **940-EZ** (1997)

8SP107172

DETACH HERE

* U.S. GOVERNMENT PRINTING OFFICE: 1997-419-030



INTERNAL REVENUE SERVICE
P.O. BOX 371493
PITTSBURGH PA 15250-7493

\$	Enter the amount of your payment Make sure your employer identification number is written on your check or money order.
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- Use this voucher when making a payment with your tax return.
► Do not staple this voucher or your payment to your return.
► Do not send cash.

1997

► For Paperwork Reduction Act Notice, see page 4.

Name (as distinguished from trade name)

Calendar year

Trade name, if any

**EMPLOYER'S
COPY**

Address and ZIP code

Employer identification number

Follow the chart under **Who May Use Form 940-EZ** on page 2. If you cannot use Form 940-EZ, you must use Form 940 instead.

- A** Enter the amount of contributions paid to your state unemployment fund. (See instructions for line A on page 4.) ► \$
- B** (1) Enter the name of the state where you have to pay contributions ►
- (2) Enter your state reporting number as shown on state unemployment tax return ►

If you will not have to file returns in the future, check here (see **Who must file** on page 2) and complete and sign the return ► ☐If this is an Amended Return, check here ► ☐**Part I Taxable Wages and FUTA Tax**

1	Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	
	Amount paid		
2	Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ►		
3	Payments for services of more than \$7,000. Enter only amounts over the first \$7,000 paid to each employee. Do not include any exempt payments from line 2. Do not use your state wage limitation. The \$7,000 amount is the Federal wage base. Your state wage base may be different		
4	Total exempt payments (add lines 2 and 3)	4	
5	Total taxable wages (subtract line 4 from line 1)	5	
6	FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6	
7	Total FUTA tax deposited for the year, including any overpayment applied from a prior year (from your records)	7	
8	Amount you owe (subtract line 7 from line 6). This should be \$100 or less. Pay to "Internal Revenue Service." ►	8	
9	Overpayment (subtract line 6 from line 7). Check if it is to be: <input type="checkbox"/> Applied to next return or <input type="checkbox"/> Refunded ►	9	

Part II Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability.) Complete only if line 6 is over \$100.

Quarter	First (Jan. 1 – Mar. 31)	Second (Apr. 1 – June 30)	Third (July 1 – Sept. 30)	Fourth (Oct. 1 – Dec. 31)	Total for year
Liability for quarter					

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.

Signature ► Title (Owner, etc.) ► Date ►

Form **940-EZ** (1997)**Not liable for FUTA tax?** If you receive Form 940-EZ and are not liable for FUTA tax for 1997, write "Not Liable" across the front of the form, sign the return, and return it to the IRS.**Note:** If you will not have to file returns in the future, check the box on the line below B(2), complete and sign the return.**Employer's name, address, and identification number.** If you are not using a preaddressed Form 940-EZ, type or print your name, trade name, address, and employer identification number (EIN) on the form.

If you do not have an EIN, see Circular E for details on how to make tax deposits, file a return, etc.

Identifying your payments. When you pay any amount you owe to the IRS (line 8) or make Federal tax deposits, write the following on your check or money order: your EIN, "Form 940-EZ," and the tax year to which the payment applies. This helps us credit your account properly.**Penalties and interest.** Avoid penalties and interest by making tax deposits when due, filing a correct return, and paying all taxes when due. There are penalties for late deposits and late filing unless you can show reasonable cause. If you file late, attach an explanation to the return. 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 to a state fund.** You get a credit for amounts you pay to a state (including Puerto Rico and the U.S. Virgin Islands) unemployment fund by February 2, 1998 (or February 10, 1998, if that is your Form 940-EZ due date).**"Contributions"** are payments that a state requires an employer to make to its unemployment fund for the payment of unemployment benefits. However, contributions do not include:

- Any payments deducted or deductible from your employees' pay.
- Penalties, interest, or special administrative taxes not included in the contribution rate the state assigned to you.
- Voluntary contributions you paid to get a lower assigned rate.

Note: Be sure to enter your state reporting number on line B(2) at the top of the form. The IRS needs this to verify your state contributions.**Where to file.** In the list below, find the state where your legal residence, principal place of business, office, or agency is located. 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.

Florida, Georgia, South Carolina

Return without payment:
Atlanta, GA 39901-0047Return with payment:
P.O. Box 105659
Atlanta, GA 30348-5659

New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)

Return without payment:
Holtville, NY 00501-0047Return with payment:
P.O. Box 210
Newark, NJ 07101-0210

(Instructions continued on next page.)

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Return without payment:
Andover, MA 05501-0047

Return with payment:
P.O. Box 371324
Pittsburgh, PA 15250-7324

Illinois, Iowa, Minnesota, Missouri, Wisconsin

Return without payment:
Kansas City, MO 64999-0047

Return with payment:
P.O. Box 970010
St. Louis, MO 63197-0010

Delaware, District of Columbia, Maryland, Pennsylvania, Puerto Rico, Virginia, U.S. Virgin Islands

Return without payment:
Philadelphia, PA 19255-0047

Return with payment:
P.O. Box 8738
Philadelphia, PA 19162-8738

Indiana, Kentucky, Michigan, Ohio, West Virginia

Return without payment:
Cincinnati, OH 45999-0047

Return with payment:
P.O. Box 6796
Chicago, IL 60680-6796

Kansas, New Mexico, Oklahoma, Texas

Return without payment:
Austin, TX 73301-0047

Return with payment:
P.O. Box 970017
St. Louis, MO 63197-0017

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

Return without payment:
Ogden, UT 84201-0047

Return with payment:
P.O. Box 7028
San Francisco, CA 94120-7028

California (all other counties), Hawaii

Return without payment:
Fresno, CA 93888-0047

Return with payment:
P.O. Box 60150
Los Angeles, CA 90060-0150

Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee

Return without payment:
Memphis, TN 37501-0047

Return with payment:
P.O. Box 1210
Charlotte, NC 28201-1210

If you have no legal residence or principal place of business in any IRS district, file with the Internal Revenue Service Center, Philadelphia, PA 19255.

Amended returns. Use a new Form 940-EZ to amend a previously filed Form 940-EZ. Check the Amended Return box above Part I, enter all amounts that should have been on the original return, and sign the amended return. Attach an explanation of the reasons for amending the original return.

If you were required to file Form 940 but filed Form 940-EZ instead, file the amended return on Form 940. See Form 940 and its instructions.

Specific Instructions

You must complete lines A and B and Part I. If your FUTA tax (line 6) is over \$100, you must also complete Part II. Please remember to sign the return.

Line A. Enter the amount of state unemployment contributions. If your state has given you a 0% experience rate, so there are no required contributions, enter "0% rate" in the space.

Part I. Taxable Wages and FUTA Tax

Line 1—Total payments. Enter the total payments you made during the calendar year for services of employees, even if the payments are not taxable for FUTA tax. Include salaries, wages, commissions, fees, bonuses, vacation allowances, amounts paid to temporary or part-time employees, and the value of goods, lodging, food, clothing, and noncash fringe benefits, contributions to a 401(k) plan, section 125 (cafeteria) plan benefits, and sick pay (including third party if liability transferred to employer). Also, include tips of \$20 or more in a month reported to you by your employees. Enter the amount before any deductions.

How you make the payments is not important to determine if they are wages. Thus, you may pay wages for piecework or as a percentage of profits. You may pay wages hourly, daily, etc. 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 when paid.

Line 2—Exempt payments. For FUTA purposes, "wages" and "employment" 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. Enter payments such as the following on line 2.

1. Agricultural labor if you did not meet either test under **Agricultural employers** on page 2.

2. Benefit payments for sickness or injury under a worker's compensation law.

3. Household service if you did not pay total cash wages of \$1,000 or more in any calendar quarter in 1996 or 1997, and you included the amount on line 1.

4. Certain family employment.

5. Certain fishing activities.

6. Noncash payments for farmwork or household services in a private home that are included on line 1. Only cash wages to these workers are taxable.

7. Value of certain meals and lodging.

8. Cost of group-term life insurance.

9. Payments attributable to the employee's contributions to a sick-pay plan.

10. Benefits excludable under a section 125 (cafeteria) plan.

11. Any other exempt service or pay.

For more information, see Special Rules for Various Types of Services and Payments in Circular E.

Line 3—Payments for services of more than \$7,000. Enter the total amounts over \$7,000 you paid each employee. For example, if you have 10 employees and paid each \$8,000 during the year, enter \$80,000 on line 1 and \$10,000 on line 3. The \$10,000 is the amount over \$7,000 paid to each employee. Do not include any exempt payments from line 2 in figuring the \$7,000.

Lines 8 and 9.—If the amount on line 8 is under \$1, you do not have to pay it. If the amount on line 9 is under \$1, we will send a refund or apply it to your next return only on written request.

Part II. Record of Quarterly Federal Unemployment Tax Liability

Complete this part only if your FUTA tax on line 6 is over \$100. To figure your FUTA tax liability, multiply by .008 that part of the first \$7,000 of each employee's annual wages you paid during the quarter. Enter the result in the space for that quarter. Your total liability must equal your total tax. If not, you may be charged a failure to deposit penalty.

Record your liability based on when you pay the wages, not on when you deposit the tax. For example, if you pay wages on March 29, your FUTA tax liability on those wages is \$200, and you deposit the \$200 on April 30, you would record that \$200 in the first quarter, not the second.

Depositing FUTA taxes.—Generally, FUTA taxes must be deposited quarterly only when your liability exceeds \$100. If you deposited the right amounts, the amount you owe with Form 940-EZ will never be over \$100.

If your total deposits of social security, Medicare, railroad retirement, and withheld income taxes exceeded \$50,000 in 1996, you must deposit taxes after 1997 using the Electronic Federal Tax Payment System (EFTPS). See **Changes To Note** on page 2.

If you are not required to use EFTPS, use **Form 8109**, Federal Tax Deposit Coupon, to deposit FUTA tax in an authorized financial institution or the Federal Reserve bank for your area. Records of your deposits will be sent to the IRS for crediting to your business accounts.

If your FUTA tax liability for any of the first three quarters of 1997 (plus any undeposited amount of \$100 or less from any earlier quarter) is over \$100, deposit it by the last day of the month after the end of the quarter. If it is \$100 or less, carry it to the next quarter; a deposit is not required. If your liability for the fourth quarter (plus any undeposited amount from any earlier quarter) is over \$100, deposit the entire amount by February 2, 1998. If it is \$100 or less, you can either make a deposit or pay it with your Form 940-EZ.

Note: The total amount of all deposits must be shown on line 7.

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. 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 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.

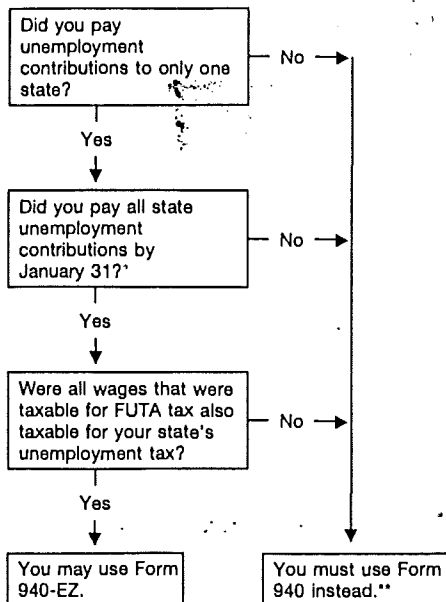
The time needed to complete and file this form will vary depending on individual circumstances. Estimated average time is: **Recordkeeping**—6 hr., 23 min., **Learning about the law or form**—7 min., and **Preparing and sending the form to the IRS**—34 min.

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 form to this office. Instead, see **Where to file** on page 3.



Who May Use Form 940-EZ

The following chart will lead you to the right form to use; however, if you owe FUTA tax only for household work in a private home, you generally must use Schedule H (see Household employers below).



*If you deposited all FUTA tax when due, you may answer "Yes" if you paid all state unemployment contributions by February 10.

If you are a **successor employer** claiming a credit for state unemployment contributions paid by the prior employer, you must use Form 940.

**To get Form 940 or Schedule H (Form 1040), call 1-800-TAX-FORM (1-800-829-3676).

Note: Do not file Form 940-EZ if you have already filed Form 940 for 1997.

Changes To Note

FUTA rate. The FUTA rate of .008 shown on line 6 is effective through 2007.

Services performed by inmates. Services performed by inmates of a penal institution in a private-sector job are not subject to FUTA. This applies to services performed after January 1, 1994. Services for a government agency performed by inmates of a penal institution continue to be exempt from FUTA.

Electronic deposit requirements. If your total deposits of social security, Medicare, railroad retirement, and withheld income taxes were more than \$50,000 in 1996, you must make electronic deposits for all depository tax liabilities (including FUTA tax) that occur after 1997 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 prior to July 1, 1998. To enroll in EFTPS, call 1-800-945-8400 or 1-800-555-4477. For general information about EFTPS, call 1-800-829-1040.

General Instructions

Purpose of form. Use this form to report your annual Federal Unemployment Tax Act (FUTA) tax. FUTA tax, together with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both Federal and state unemployment taxes. **Only the employer pays this tax.** The tax applies to the first \$7,000 you pay each employee in a year. The \$7,000 amount is the Federal wage base. Your state wage base may be different.

When to file. File Form 940-EZ for 1997 by February 2, 1998. However, if you deposited all FUTA tax when due, you may file on or before February 10, 1998. Your return will be considered timely filed if it is properly addressed and mailed First Class or sent by an IRS designated delivery service by the due date. See Cir. E, Employer's Tax Guide, for a list of designated delivery services.

Caution: Private delivery services cannot deliver items to P.O. boxes.

Who must file. In general, you must file if either of the following tests applies (household and agricultural employers see below):

1. You paid wages of \$1,500 or more in any calendar quarter in 1996 or 1997 or

2. You had one or more employees for some part of a day in any 20 or more different weeks in 1996 or 20 or more different weeks in 1997.

Count all regular, temporary, and part-time employees. A partnership should not count its partners. If a business changes hands during the year, each employer meeting test 1 or 2 must file. Do not report wages paid by the other.

Nonprofit organizations. Religious, educational, charitable, etc., organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) are not subject to FUTA tax and are not required to file.

Household employers. File a FUTA tax return **ONLY** if you paid total cash wages of \$1,000 or more (for all household employees) in any calendar quarter in 1996 or 1997 for household work in a private home, local college club, or local chapter of a college fraternity or sorority. Individuals, estates, and trusts that owe FUTA tax for household work in a private home, in most cases must file **Schedule H (Form 1040)**, Household Employment Taxes, instead of Form 940 or 940-EZ. See the instructions for Schedule H. In some cases, such as when you employ both household employees and other employees, you may have the option to report social security, Medicare, and withheld Federal income taxes for your household employee(s) on **Form 941**, Employer's Quarterly Federal Tax Return, or **943**, Employer's Annual Tax Return for Agricultural Employees, instead of on Schedule H. If you choose to report on Form 941 or 943, you must use Form 940 or 940-EZ to report FUTA taxes.

Agricultural employers. File a FUTA tax return if either of the following tests applies:

1. You paid cash wages of \$20,000 or more to farmworkers during any calendar quarter in 1996 or 1997 or

2. You employed 10 or more farmworkers during some part of a day (whether or not at the same time) for at least 1 day during any 20 different weeks in 1996 or 1997.

Count wages paid to aliens admitted on a temporary basis to the United States to perform farmwork, also known as workers with "H-2(A)" visas, to see if you meet either test. However, wages paid to H-2(A) visa workers are not subject to FUTA tax.

(Instructions continued on next page.)



Maine Revenue Services
and
Department of Labor



980850000

FORM 941/C1-ME

Combined Filing for Income Tax Withholding and Unemployment Contributions

Withholding Account No.

UC Employer Account No.

Period Covered:

File On or Before:

Part One - Income Tax Withholding

1. Maine income tax withheld this quarter 1 \$, .
2. Less Form 900ME voucher payments or EFT Payments (From Schedule 1, line 15 on reverse side. See instructions for Schedule 1 on pages 6 and 7) 2 , .
3. Income tax withholding due (line 1 minus line 2) 3 , .

Part Two - Unemployment Contributions Report

☐ Check if reporting wage listing on MAGNETIC TAPE or DISKETTE

4. Report the number of covered full-time and part-time workers who worked during or received pay for the payroll period which included the 12th of the month. If no employment in the payroll period, enter zero (0) 4 , .
5. Number of female employees included on line 4? (If none, enter zero (0)) 5 , .
6. Total reportable wages paid this quarter (from Part Four, line 22) 6 , .
7. Deduct excess wages (see instructions) 7 , .
8. Taxable wages paid in this quarter (line 6 minus line 7) 8 \$, .
9. Contribution rate Surtax .004 Total Rate 9 , .
10. Contributions due (line 8 times total rate on line 9) 10 \$, .

Part Three - Calculate the Total Amount Due

11. Amount due with this return (add lines 3 and 10) 11 \$, .
12. Less Electronic Funds Transfer payment (not the amount from line 2; see instructions) 12 \$, .
13. Net balance due with this return (line 11 minus line 12) 13 \$, .

Under penalties of perjury, I certify that the information contained on this return, report and attachment(s) is true and correct and that no part of unemployment contributions has or will be borne by any employee(s).

Signature _____ Date _____

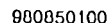
Title _____ Telephone _____

Make Check Payable to
Treasurer, State of Maine
Mail to: Maine Revenue Services
Income/Estate Tax Division
P.O. Box 9103
Augusta, ME 04332-9103

Send the original return to Maine Revenue Services. Do not mail photocopied returns.

office use only PWD





General Instructions

The combined Maine Revenue Services and Department of Labor form (Form 941/C1-ME) is used to report total income tax withheld for the quarter, to reconcile 900ME voucher payments made during the quarter, to calculate your unemployment insurance contributions for the quarter and to report your employee wage listing for the quarter.

The returns in this booklet are pre-printed with your Withholding Account Identification Number, Unemployment Contributions Employer Account Number, business name, period covered and due date. Returns must be completed and filed with Maine Revenue Services on or before the due date pre-printed on each return.

When a business is discontinued or the payment of wages permanently ceases, complete the Cancellation Notice on the reverse side of the quarterly return.

If you have a change in your name, address or phone number, complete the Name and Address Change Form in this booklet. We will correct our records and, if necessary, provide new payment vouchers and Forms 941/C1-ME. **Do not make changes on Form 941/C1-ME.** If your Federal Identification Number changes, call the Department of Labor, Central Registration Unit at 207-287-2338.

If you have any questions regarding unemployment insurance status, determination or general unemployment insurance information, call the Department of Labor at 207-287-3176. Any other questions regarding this form or income tax withholding should be directed to Maine Revenue Services at 207-626-8475.

Interest and Penalties. Interest is charged at a rate of 10% per year on the unpaid withholding or unemployment tax. The penalty for failure to pay either the withholding or unemployment tax on time is 1% per month up to a maximum of 25%. The penalty for failure to file the return on time is 10% of the tax liability or \$50.00, whichever is greater.

Do not staple or tape forms together. Paper clip page 2 and additional unemployment wage listing pages to the back of the combined withholding/unemployment tax return.

Do not mail photocopies of the forms in this book to Maine Revenue Services. Photocopied forms cannot be processed by Maine Revenue's scanning system. If you need additional wage detail pages, call Maine Revenue Services' forms line at 207-624-7894 or write: Maine Revenue Services, Income/Estate Tax Division, 24 State House Station, Augusta, ME 04333-0024.

Specific Instructions

Part One - Calculate the Income Tax Withholding

Line 1. Enter the total amount of Maine income tax withheld for the quarter.

Line 2. If you are required to make payment of income tax withholding semi-weekly, complete Schedule 1 (Reconciliation of 900ME Voucher Payments or EFT Payments) on page 2 of the combined form. Enter on this line the total amount remitted shown on line 18. For additional information about who is required to make payments of income tax withholding, see specific instructions for Schedule 1 below.

Line 3. Enter the total Maine income tax withholding due with this return (line 1 minus line 2).

Schedule 1 Instructions

Reconciliation of 900ME Payments or EFT Payments of Income Tax Withholding

Employers who made monthly payments last year. The monthly payment frequency requirement has been eliminated. Employers who reported Maine income tax withholding of less than \$18,000 for the 12 months ending June 30, 1997 will now make all payments for the quarter with the combined withholding/unemployment return.

Employers required to make semi-weekly payments. Employers who reported Maine income tax withholding of \$18,000 or more for the 12 months ending June 30, 1997 are required to make **semi-weekly** payments of income tax withholding using the following schedule:

<u>Day Wages Paid</u>	<u>Remittance Due</u>
Wednesday, Thursday, Friday	On or before the following Wednesday
Saturday, Sunday, Monday, Tuesday	On or before the following Friday

Payments may have been made either by voucher (Form 900ME) or Electronic Funds Transfer. See page 3 of this booklet to find your withholding tax remittance frequency. Your required remittance frequency will either be semi-weekly or quarterly. **There is no longer a monthly payment frequency.**

If you are required to make payment of income tax withholding on a semi-weekly basis, complete Schedule 1. Complete one row of the schedule for each payroll during the quarter.

Line 16. Enter the total amount withheld this quarter.

Line 17. Enter the total amount of withholding paid this quarter here and on line 2 of Part One of the combined return.

Part Two - Calculate the Unemployment Contributions

If you are reporting your employee wage listing by magnetic tape or diskette, check the box in Part Two.

Line 4. Enter in the space under each month the total of all full-time and part-time workers who worked during, or received pay (subject to unemployment insurance taxes) for the payroll period which includes the 12th of each month. If you had no employment in the payroll period, enter zero (0).

Line 5. Enter the number of female employees included in the totals on line 5. Failure to complete lines 5 and 6 will result in additional paperwork for you to complete.

Line 6. Complete Part Four. Enter on this line the total reportable wages paid this quarter from Part Four, line 26. If there are no reportable wages, enter zero (\$0.00). An amount for wages or zero (\$0.00) must be entered on this line. If zero, do not complete Part Four on page 3 of the combined report.

Line 7. Enter the sum of the amount of each individual's wages paid in this quarter which is in excess of \$7,000 for the year. For example, the wages of an employee paid \$2,500.00 in each quarter would be reported as follows:

	Total	Excess	Taxable
1st Quarter	\$2500.00	\$.00	\$2500.00
2nd Quarter	2500.00	.00	2500.00
3rd Quarter	2500.00	500.00	2000.00
4th Quarter	2500.00	2500.00	.00

Line 8. Subtract the excess wages on line 7 from the total reportable wages on line 6. Enter the difference here.

Line 9. This is your employer contribution rate. A .004 surtax was enacted by the Maine State Legislature for calendar year 1995 and after.

Line 10. Calculate the total contributions due this quarter by multiplying the taxable wages paid on line 8 by the total rate on line 9. Enter the result here.

Part Three - Calculate the Total Amount Due

Line 11. Enter the total income tax withholding and unemployment contributions due with this return, line 4 plus line 10. If any portion of the balance due is not paid by the due date, interest and penalties will be charged on the unpaid balance. Additional penalties will be assessed if the return is not filed on time.

Line 12. If you paid the amount on line 11 via Electronic Funds Transfer, enter that amount on this line.

Part Four - Unemployment Compensation Wage Listing

Do not complete Part Four if line 6 is zero.

The names and Social Security numbers of your employees may have been pre-printed on your wage listing for each quarter. If pre-printed, they are pre-printed in the order of employee Social Security numbers for your convenience. We have made every effort to assure that the names and Social Security numbers are correct. If you detect an error, cross out the incorrect information and print or type the correct information directly above the misprint. If you do not wish to use the pre-printed forms, or if you need additional forms, you can order blank forms by calling 207-624-7894.

Line 17. Type or print each employee's Social Security number.

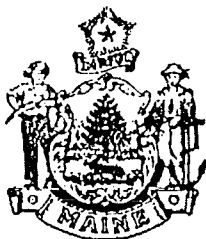
Lines 18-19. Enter the total wages paid each worker in covered employment during the quarter covered by this report. **Do not report partners' wages or wages paid by a sole proprietor to a spouse, parent or child under age 18.** If an employee's wages are greater than \$999,999.99, enter the wages on two or more lines to add up to the total reportable wages for the employee.

Line 20. Enter each employee's last name, first name and middle initial.

Line 21. Enter the total reportable wages for employees listed on this page.

Line 22. Enter the total reportable wages for all pages on this line and on line 6.

Special note to reimbursable employers: Governmental employers may omit lines 7, 8 and 10, but must complete lines 1 through 6 and lines 11 through 22. All other reimbursable employers may omit line 10 only.



Maine Revenue Services

FORM 941A-ME

EMPLOYER'S AMENDED RETURN OF MAINE INCOME TAX WITHHELD



980630000

Mo. Day Year

Quarter Ending:

--	--	--	--

Withholding Account Number:

1. Withheld income tax previously reported for the quarter . 1

--	--	--	--

2. Correct withheld income tax for the quarter 2

--	--	--	--

3. Withheld income tax adjustment 3

--	--	--	--

4. If balance due, amount due with this return 4

--	--	--	--

5. If overpayment, enter amount here
(All overpayments will be refunded) 5

--	--	--	--

Name:

MAKE CHECK PAYABLE TO TREASURER, STATE OF MAINE

Date

Signature

Title

Telephone

6. Explanation of adjustments:

Rev. 11/97

office use only

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Maine Revenue Services

FORM 941A-ME

EMPLOYER'S AMENDED RETURN OF MAINE INCOME TAX WITHHELD



980630000

Mo. Day Year

Quarter Ending:

--	--	--	--

Withholding Account Number:

1. Withheld income tax previously reported for the quarter . 1

--	--	--	--

2. Correct withheld income tax for the quarter 2

--	--	--	--

3. Withheld income tax adjustment 3

--	--	--	--

4. If balance due, amount due with this return 4

--	--	--	--

5. If overpayment, enter amount here
(All overpayments will be refunded) 5

--	--	--	--

Name:

MAKE CHECK PAYABLE TO TREASURER, STATE OF MAINE

Date

Signature

Title

Telephone

6. Explanation of adjustments:

Rev. 11/97

office use only

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MAINE REVENUE SERVICES
P.O. BOX 1061
AUGUSTA, ME 04332-1061



980660000

FORM W-3ME
RECONCILIATION OF MAINE INCOME TAX WITHHELD

1997

Withholding Account Number

1. Total Maine Income Tax withheld
shown on payee statements

\$

2. Total Maine Withholding Tax
reported for the year

\$

Do not request a refund or make payment with this form. Use Form 941A-ME
to amend your account and request a refund or remit a payment.

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.

Date

Signature

Title

(Owner, President, Partner, Member, etc.)

Telephone



MAINE REVENUE SERVICES
INCOME/ESTATE TAX DIVISION
P.O. BOX 1061
AUGUSTA, ME 04332-1061

FORM W-3ME
RECONCILIATION OF MAINE INCOME TAX WITHHELD

Withholding Account Number:

1. Total Maine Income Tax withheld
shown on payee statements

\$

2. Total Maine Withholding Tax
reported for the year

\$

Do not request a refund or make payment with this form. Use Form 941A-ME
to amend your account and request a refund or remit a payment.

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.

Date

Signature

Title

(Owner, President, Partner, Member, etc.)

Telephone

INSTRUCTIONS FOR FORM W-3ME
RECONCILIATION OF MAINE INCOME TAX WITHHELD

Persons required to withhold must file a reconciliation return W-3ME. Total income tax withheld as shown on the reconciliation return
should equal the total payments made to Maine Revenue Services for the year and should also equal the total amount of Maine
income tax withheld as shown on all information returns furnished payees. If you file paper W-2 forms with the Social Security Admin-
istration or if you file 1099 forms magnetically with the IRS, do not send copies of Forms W-2 and 1099 with your Maine W-3ME.
Otherwise, you must submit copies of Forms W-2 and 1099 to Maine either magnetically or on paper with Form W-3ME.

When to File: No later than February 28

Where to File: Mail by FIRST CLASS MAIL to Maine Revenue Services, Income/Estate Tax Division, P.O. Box 1061, Augusta, ME
04332-1061

Note: Mail Form W-3ME separately; do not include in the same envelope with Form 941ME or 941/C1-ME.

If line 1 and line 2 below do not agree, file an amended return, Form 941A-ME, to correct the period or periods for which the error(s)
was made.

EMPLOYER'S TAX CALENDAR

<u>RETURN</u>	<u>FORM #</u>	<u>DUE DATES</u>
SEMI-WEEKLY PAYMENTS OF WITHHELD INCOME TAXES	900ME	If you Withholding Tax Remittance Frequency is semi-weekly (see page 3 of this booklet) and wages are paid on Wednesday, Thursday or Friday, payment of withheld income taxes is due the following Wednesday. If the wages are paid on Saturday, Sunday, Monday or Tuesday, the payment of withheld income taxes is due the following Friday. Use the Employer's Payment Voucher For Maine Income Tax Withheld (Form 900ME, provided by Maine Revenue Services in a separate booklet) to make your payments. Note: Do not use Form 900ME if you are making your payments by Electronic Funds Transfer (EFT).
MONTHLY PAYMENTS OF WITHHELD INCOME TAXES		The <u>monthly</u> payment requirement for withholding of income taxes has been eliminated. If you total withholding of income taxes for the year ending June 30, 1997 was less than \$18,000, your payment frequency is <u>quarterly</u> .
QUARTERLY RETURN OF INCOME TAX WITHHOLDING	941ME 941/C1ME	Must be filed by all employers registered to remit income tax withholding only. The form is used to report income taxes withheld for the quarter, to reconcile payments of income taxes withheld made during the quarter and to make payment for any balance due for income taxes withheld. The quarterly return is due the last day of the month following the end of each calendar quarter, even if there is no withholding tax to report.
ANNUAL RECONCILIATION	W3ME	Due February 28 of the following year or at termination of business.

New Hire Reporting Program-Report Form

If you use this form to report, please make and keep extra copies for future reporting.

Employer name and address:

DOL State Id:
Federal Id:

Employee information

1. SSN: _____ Employee Name: _____
Employee Address: _____
City: _____ State: _____ Zip: _____
Date of Hire: _____ Date of termination: _____
Birth Date: _____ Home Phone: _____ Work Phone: _____
Employee Occupation: _____
Gross Income Amt: _____ Income freq: _____ (Weekly, Bi-Weekly, Monthly)
Ins. Avail for Employee (Y/N): _____ Cost/Amt: _____
Ins. Avail for Dependent (Y/N): _____ Dep Covered (Y/N): _____

2. SSN: _____ Employee Name: _____
Employee Address: _____
City: _____ State: _____ Zip: _____
Date of Hire: _____ Date of termination: _____
Birth Date: _____ Home Phone: _____ Work Phone: _____
Employee Occupation: _____
Gross Income Amt: _____ Income freq: _____ (Weekly, Bi-Weekly, Monthly)
Ins. Avail for Employee (Y/N): _____ Cost/Amt: _____
Ins. Avail for Dependent (Y/N): _____ Dep Covered (Y/N): _____

3. SSN: _____ Employee Name: _____
Employee Address: _____
City: _____ State: _____ Zip: _____
Date of Hire: _____ Date of termination: _____
Birth Date: _____ Home Phone: _____ Work Phone: _____
Employee Occupation: _____
Gross Income Amt: _____ Income freq: _____ (Weekly, Bi-Weekly, Monthly)
Ins. Avail for Employee (Y/N): _____ Cost/Amt: _____
Ins. Avail for Dependent (Y/N): _____ Dep Covered (Y/N): _____

Mail to: DSER-New Hire Reporting Program
11 State House Station
Augusta, ME 04333-0011

or FAX to: (207) 287-6882
(800) 437-9611

(You may use any method)

Report each employee you hire, rehire or terminate. We can accept copies of the employee's W-4 form or any other report if all the information below is provided.

Employees:

1. Full name
2. Address
3. Social Security Number
4. Date of Birth
5. Date of Hire or Rehire

Employers:

1. Name
2. Address
3. Phone Number
4. Maine Department of Labor Number and Federal Id number

Reporting Exemptions:

You do not have to report a new employee if:

1. The employee will be employed for less than one month's duration; or
2. The employee will have gross earnings of less than \$300 in every month.
3. The employee is under 18 years of age.

You do not have to report if you do not hire anyone.

Optional Reporting Information:

To minimize future requests for information, you may also report:

1. The availability of medical insurance coverage for the employee, and their children
2. The income of the employee
3. The income frequency of the employee
4. The occupation of the employee
5. Employee's Phone Number
6. Employee Termination Date

I. Voice Recognition

System available 24 hours 7 days a week

Local Number: 624-7880

Toll Free: 1-800-845-5808

II. Magnetic Tape Reporting:

Separate instructions are enclosed.

II. Fax Reporting

The following lines have been established to receive your reports by fax:

Local Number: (207) 287-6882 or
1-800-437-9611

IV. Mail Reporting

Mail your reports to:

Division of Support Enforcement and Recovery
New Hire Reporting Program
11 State House Station
Augusta, ME 04333-011

V. E-Mail to:

maine.newhire@state.me.us

Appendix C

Current Federal Statute Governing the Confidentiality of Tax Information

26 USC Sec. 6103

§ 6103. Confidentiality and disclosure of returns and return information.

(a) **General rule.**—Returns and return information shall be confidential, and except as authorized by this title—

- (1) no officer or employee of the United States,
- (2) no officer or employee of any State, any local child support enforcement agency, or any local agency administering a program listed in subsection (l)(7)(D) who has or had access to returns or return information under this section, and
- (3) no other person (or officer or employee thereof) who has or had access to returns or return information under subsection (e)(1)(D)(iii), paragraph (6) or (12) of subsection (l), paragraph (2) or (4)(B) of subsection (m), or subsection (n),

shall disclose any return or return information obtained by him in any manner in connection with his service as such an officer or an employee or otherwise or under the provisions of this section. For purposes of this subsection, the term "officer or employee" includes a former officer or employee.

(b) **Definitions.**—For purposes of this section—

(1) **Return.**—The term "return" means any tax or information return, declaration of estimated tax, or claim for refund required by, or provided for or permitted under, the provisions of this title which is filed with the Secretary by, on behalf of, or with respect to any person, and any amendment or supplement thereto, including supporting schedules, attachments, or lists which are supplemental to, or part of, the return so filed.

(2) **Return information.**—The term "return information" means—

(A) a taxpayer's identity, the nature, source, or amount of his income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments, whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing, or any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary with respect to a return or with respect to the determination of the existence, or possible existence, of liability (or the amount thereof) of any person under this title for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense, and

(B) any part of any written determination or any background file document relating to such written determination (as such terms are defined in section 6110(b)) which is not open to public inspection under section 6110,

but such term does not include data in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer. Nothing in the preceding sentence, or in any other provision of law, shall be construed to require the disclosure of standards used or to be used for the selection of returns for examination, or data used or to be used for determining such standards, if the Secretary determines that such disclosure will seriously impair assessment, collection, or enforcement under the internal revenue laws.

(3) **Taxpayer return information.**—The term "taxpayer return information" means return information as defined in paragraph (2) which is filed with, or furnished to, the Secretary by or on behalf of the taxpayer to whom such return information relates.

(4) **Tax administration.**—The term "tax administration"—

(A) means—

(i) the administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws or related statutes (or equivalent laws and statutes of a State) and tax conventions to which the United States is a party, and

(ii) the development and formulation of Federal tax policy relating to existing or proposed internal revenue laws, related statutes, and tax conventions, and

(B) includes assessment, collection, enforcement, litigation, publication, and statistical gathering functions under such laws, statutes, or conventions.

(5) **State.**—The term "State" means—

(A) any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Canal Zone, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, and

(B) for purposes of subsections (a)(2), (b)(4), (d)(1), (h)(4), and (p) any municipality—

(i) with a population in excess of 250,000 (as determined under the most recent decennial United States census data available),

(ii) which imposes a tax on income or wages, and

(iii) with which the Secretary (in his sole discretion) has entered into an agreement regarding disclosure.

(6) **Taxpayer identity.**—The term “taxpayer identity” means the name of a person with respect to whom a return is filed, his mailing address, his taxpayer identifying number (as described in section 6109), or a combination thereof.

(7) **Inspection.**—The terms “inspected” and “inspection” mean any examination of a return or return information.

(8) **Disclosure.**—The term “disclosure” means the making known to any person in any manner whatever a return or return information.

(9) **Federal agency.**—The term “Federal agency” means an agency within the meaning of section 551(1) of title 5, United States Code.

(10) **Chief executive officer.**—The term “chief executive officer” means, with respect to any municipality, any elected official and the chief official (even if not elected) of such municipality.

(c) **Disclosure of returns and return information to designee of taxpayer.**—The Secretary may, subject to such requirements and conditions as he may prescribe by regulations, disclose the return of any taxpayer, or return information with respect to such taxpayer, to such person or persons as the taxpayer may designate in a request for or consent to such disclosure, or to any other person at the taxpayer's request to the extent necessary to comply with a request for information or assistance made by the taxpayer to such other person. However, return information shall not be disclosed to such person or persons if the Secretary determines that such disclosure would seriously impair Federal tax administration.

(d) **Disclosure to State tax officials and State and local law enforcement agencies.**—

(1) **In general.**—Returns and return information with respect to taxes imposed by chapters 1, 2, 6, 11, 12, 21, 23, 24, 31, 32, 44, 51, and 52 and subchapter D of chapter 36 shall be open to inspection by, or disclosure to, any State agency, body, or commission, or its legal representative, which is charged under the laws of such State with responsibility for the administration of State tax laws for the purpose of, and only to the extent necessary in, the administration of such laws, including any procedures with respect to locating any person who may be entitled to a refund. Such inspection shall be permitted, or such disclosure made, only upon written request by the head of such agency, body, or commission, and only to the representatives of such agency, body, or commission designated in such written request as the individuals who are to inspect or to receive the returns or return information on behalf of such agency, body, or commission. Such representatives shall not include any individual who is the chief executive officer of such State or who is neither an employee or legal representative of such agency, body, or commission nor a person described in subsection (n). However, such return information shall not be disclosed to the extent that the Secretary determines that such disclosure would identify a confidential informant or seriously impair any civil or criminal tax investigation.

(2) **Disclosure to State audit agencies.**—

(A) **In general.**—Any returns or return information obtained under paragraph (1) by any State agency, body, or commission may be open to inspection by, or disclosure to, officers and employees of the State audit agency for the purpose of, and only to the extent necessary in, making an audit of the State agency, body, or commission referred to in paragraph (1).

(B) **State audit agency.**—For purposes of subparagraph (A), the term “State audit agency” means any State agency, body, or commission which is charged under the laws of the State with the responsibility of auditing State revenues and programs.

(3) **Exception for reimbursement under section 7624.**—Nothing in this section shall be construed to prevent the Secretary from disclosing to any State or local law enforcement agency which may receive a payment under section 7624 the amount of the recovered taxes with respect to which such a payment may be made.

(4) **Availability and use of death information.**—

(A) **In general.**—No returns or return information may be disclosed under paragraph (1) to any agency, body, or commission of any State (or any legal representative thereof) during any period during which a contract meeting the requirements of subparagraph (B) is not in effect between such State and the Secretary of Health and Human Services.

(B) **Contractual requirements.**—A contract meets the requirements of this subparagraph if—

(i) such contract requires the State to furnish the Secretary of Health and Human Services information concerning individuals with respect to whom death certificates (or equivalent documents maintained by the State or any subdivision thereof) have been officially filed with it, and

(ii) such contract does not include any restriction on the use of information obtained by such Secretary pursuant to such contract, except that such contract may provide that such information is only to be used by the Secretary (or any other Federal agency) for

purposes of ensuring that Federal benefits or other payments are not erroneously paid to deceased individuals.

Any information obtained by the Secretary of Health and Human Services under such a contract shall be exempt from disclosure under section 552 of title 5, United States Code, and from the requirements of section 552a of such title 5.

(C) **Special exception.**—The provisions of subparagraph (A) shall not apply to any State which on July 1, 1993, was not, pursuant to a contract, furnishing the Secretary of Health and Human Services information concerning individuals with respect to whom death certificates (or equivalent documents maintained by the State or any subdivision thereof) have been officially filed with it.

(5) **Disclosure for certain combined reporting project.**—The Secretary shall disclose taxpayer identities and signatures for purposes of the demonstration project described in section 967 of the Taxpayer Relief Act of 1997.

(e) **Disclosure to persons having material interest.**—

(1) **In general.**—The return of a person shall, upon written request, be open to inspection by or disclosure to—

(A) in the case of the return of an individual—

(i) that individual,

(ii) if property transferred by that individual to a trust is sold or exchanged in a transaction described in section 644, the trustee or trustees, jointly or separately, of such trust to the extent necessary to ascertain any amount of tax imposed upon the trust by section 644,

(iii) the spouse of that individual if the individual and such spouse have signified their consent to consider a gift reported on such return as made one-half by him and one-half by the spouse pursuant to the provisions of section 2513; or

(iv) the child of that individual (or such child's legal representative) to the extent necessary to comply with the provisions of section 1(g);

(B) in the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;

(C) in the case of the return of a partnership, any person who was a member of such partnership during any part of the period covered by the return;

(D) in the case of the return of a corporation or a subsidiary thereof—

(i) any person designated by resolution of its board of directors or other similar governing body,

(ii) any officer or employee of such corporation upon written request signed by any principal officer and attested to by the secretary or other officer,

(iii) any bona fide shareholder of record owning 1 percent or more of the outstanding stock of such corporation,

(iv) if the corporation was a foreign personal holding company, as defined by section 552, any person who was a shareholder during any part of a period covered by such return if with respect to that period, or any part thereof, such shareholder was required under section 551 to include in his gross income undistributed foreign personal holding company income of such company,

(v) if the corporation was an electing small business corporation under subchapter S of chapter 1, any person who was a shareholder during any part of the period covered by such return during which an election was in effect, or

(vi) if the corporation has been dissolved, any person authorized by applicable State law to act for the corporation or any person who the Secretary finds to have a material interest which will be affected by information contained therein;

(E) in the case of the return of an estate—

(i) the administrator, executor, or trustee of such estate, and

(ii) any heir at law, next of kin, or beneficiary under the will, of the decedent, but only if the Secretary finds that such heir at law, next of kin, or beneficiary has a material interest which will be affected by information contained therein; and

(F) in the case of the return of a trust—

(i) the trustee or trustees, jointly or separately, and

(ii) any beneficiary of such trust, but only if the Secretary finds that such beneficiary has a material interest which will be affected by information contained therein.

(2) **Incompetency.**—If an individual described in paragraph (1) is legally incompetent; the applicable return shall, upon written request, be open to inspection by or disclosure to the committee, trustee, or guardian of his estate.

(3) **Deceased individuals.**—The return of a decedent shall, upon written request, be open to inspection by or disclosure to—

(A) the administrator, executor, or trustee of his estate, and

(B) any heir at law, next of kin, or beneficiary under the will, of such decedent, or a donee of property, but only if the Secretary finds that such heir at law, next of kin, beneficiary, or donee has a material interest which will be affected by information contained therein.

(4) **Title 11 cases and receivership proceedings.**—If—

(A) there is a trustee in a title 11 case in which the debtor is the person with respect to whom the return is filed, or

(B) substantially all of the property of the person with respect to whom the return is filed is in the hands of a receiver;

such return or returns for prior years of such person shall, upon written request, be open to inspection by or disclosure to such trustee or receiver, but only if the Secretary finds that such trustee or receiver, in his fiduciary capacity, has a material interest which will be affected by information contained therein.

(5) **Individual's title 11 case.**—

(A) **In general.**—In any case to which section 1398 applies (determined without regard to section 1398(b)(1)), any return of the debtor for the taxable year in which the case commenced or any preceding taxable year shall, upon written request, be open to inspection by or disclosure to the trustee in such case.

(B) **Return of estate available to debtor.**—Any return of an estate in a case to which section 1398 applies shall, upon written request, be open to inspection by or disclosure to the debtor in such case.

(C) **Special rule for involuntary cases.**—In an involuntary case, no disclosure shall be made under subparagraph (A) until the order for relief has been entered by the court having jurisdiction of such case unless such court finds that such disclosure is appropriate for purposes of determining whether an order for relief should be entered.

(6) **Attorney in fact.**—Any return to which this subsection applies shall, upon written request, also be open to inspection by or disclosure to the attorney in fact duly authorized in writing by any of the persons described in paragraph (1), (2), (3), (4), or (5) to inspect the return or receive the information on his behalf, subject to the conditions provided in such paragraphs.

(7) **Return information.**—Return information with respect to any taxpayer may be open to inspection by or disclosure to any person authorized by this subsection to inspect any return of such taxpayer if the Secretary determines that such disclosure would not seriously impair Federal tax administration.

(8) **Disclosure of collection activities with respect to joint return.**—If any deficiency of tax with respect to a joint return is assessed and the individuals filing such return are no longer married or no longer reside in the same household, upon request in writing by either of such individuals, the Secretary shall disclose in writing to the individual making the request whether the Secretary has attempted to collect such deficiency from such other individual, the general nature of such collection activities, and the amount collected. The preceding sentence shall not apply to any deficiency which may not be collected by reason of section 6502.

(9) **Disclosure of certain information where more than 1 person subject to penalty under section 6672.**—If the Secretary determines that a person is liable for a penalty under section 6672(a) with respect to any failure, upon request in writing of such person, the Secretary shall disclose in writing to such person—

(A) the name of any other person whom the Secretary has determined to be liable for such penalty with respect to such failure, and

(B) whether the Secretary has attempted to collect such penalty from such other person, the general nature of such collection activities, and the amount collected.

(f) **Disclosure to Committees of Congress.**—

(1) **Committee on Ways and Means, Committee on Finance, and Joint Committee on Taxation.**—Upon written request from the chairman of the Committee on Ways and Means of the House of Representatives, the chairman of the Committee on Finance of the Senate, or the chairman of the Joint Committee on Taxation, the Secretary shall furnish such committee with any return or return information specified in such request, except that any return or return information which can be associated with, or otherwise identify, directly or indirectly, a particular

taxpayer shall be furnished to such committee only when sitting in closed executive session unless such taxpayer otherwise consents in writing to such disclosure.

(2) **Chief of Staff of Joint Committee on Taxation.**—Upon written request by the Chief of Staff of the Joint Committee on Taxation, the Secretary shall furnish him with any return or return information specified in such request. Such Chief of Staff may submit such return or return information to any committee described in paragraph (1), except that any return or return information which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer shall be furnished to such committee only when sitting in closed executive session unless such taxpayer otherwise consents in writing to such disclosure.

(3) **Other committees.**—Pursuant to an action by, and upon written request by the chairman of, a committee of the Senate or the House of Representatives (other than a committee specified in paragraph (1)) specially authorized to inspect any return or return information by a resolution of the Senate or the House of Representatives or, in the case of a joint committee (other than the joint committee specified in paragraph (1)) by concurrent resolution, the Secretary shall furnish such committee, or a duly authorized and designated subcommittee thereof, sitting in closed executive session, with any return or return information which such resolution authorizes the committee or subcommittee to inspect. Any resolution described in this paragraph shall specify the purpose for which the return or return information is to be furnished and that such information cannot reasonably be obtained from any other source.

(4) **Agents of committees and submission of information to Senate or House of Representatives.**—

(A) **Committees described in paragraph (1).**—Any committee described in paragraph (1) or the Chief of Staff of the Joint Committee on Taxation shall have the authority, acting directly, or by or through such examiners or agents as the chairman of such committee or such chief of staff may designate or appoint, to inspect returns and return information at such time and in such manner as may be determined by such chairman or chief of staff. Any return or return information obtained by or on behalf of such committee pursuant to the provisions of this subsection may be submitted by the committee to the Senate or the House of Representatives, or to both. The Joint Committee on Taxation may also submit such return or return information to any other committee described in paragraph (1), except that any return or return information which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer shall be furnished to such committee only when sitting in closed executive session unless such taxpayer otherwise consents in writing to such disclosure.

(B) **Other committees.**—Any committee or subcommittee described in paragraph (3) shall have the right, acting directly, or by or through no more than four examiners or agents, designated or appointed in writing in equal numbers by the chairman and ranking minority member of such committee or subcommittee, to inspect returns and return information at such time and in such manner as may be determined by such chairman and ranking minority member. Any return or return information obtained by or on behalf of such committee or subcommittee pursuant to the provisions of this subsection may be submitted by the committee to the Senate or the House of Representatives, or to both, except that any return or return information which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer, shall be furnished to the Senate or the House of Representatives only when sitting in closed executive session unless such taxpayer otherwise consents in writing to such disclosure.

(g) **Disclosure to President and certain other persons.**—

(1) **In general.**—Upon written request by the President, signed by him personally, the Secretary shall furnish to the President, or to such employee or employees of the White House Office as the President may designate by name in such request, a return or return information with respect to any taxpayer named in such request. Any such request shall state—

(A) the name and address of the taxpayer whose return or return information is to be disclosed,

(B) the kind of return or return information which is to be disclosed,

(C) the taxable period or periods covered by such return or return information, and

(D) the specific reason why the inspection or disclosure is requested.

(2) **Disclosure of return information as to Presidential appointees and certain other Federal Government appointees.**—The Secretary may disclose to a duly authorized representative of the Executive Office of the President or to the head of any Federal agency, upon written request by the President or head of such agency, or to the Federal Bureau of Investigation on behalf of and upon written request by the President or such head, return information with respect to an individual who is designated as being under consideration for appointment to a

position in the executive or judicial branch of the Federal Government. Such return information shall be limited to whether such individual—

(A) has filed returns with respect to the taxes imposed under chapter 1 for not more than the immediately preceding 3 years;

(B) has failed to pay any tax within 10 days after notice and demand, or has been assessed any penalty under this title for negligence, in the current year or immediately preceding 3 years;

(C) has been or is under investigation for possible criminal offenses under the internal revenue laws and the results of any such investigation; or

(D) has been assessed any civil penalty under this title for fraud.

Within 3 days of the receipt of any request for any return information with respect to any individual under this paragraph, the Secretary shall notify such individual in writing that such information has been requested under the provisions of this paragraph.

(3) **Restriction on disclosure.**—The employees to whom returns and return information are disclosed under this subsection shall not disclose such returns and return information to any other person except the President or the head of such agency without the personal written direction of the President or the head of such agency.

(4) **Restriction on disclosure to certain employees.**—Disclosure of returns and return information under this subsection shall not be made to any employee whose annual rate of basic pay is less than the annual rate of basic pay specified for positions subject to section 5316 of title 5, United States Code.

(5) **Reporting requirements.**—Within 30 days after the close of each calendar quarter, the President and the head of any agency requesting returns and return information under this subsection shall each file a report with the Joint Committee on Taxation setting forth the taxpayers with respect to whom such requests were made during such quarter under this subsection, the returns or return information involved, and the reasons for such requests. The President shall not be required to report on any request for returns and return information pertaining to an individual who was an officer or employee of the executive branch of the Federal Government at the time such request was made. Reports filed pursuant to this paragraph shall not be disclosed unless the Joint Committee on Taxation determines that disclosure thereof (including identifying details) would be in the national interest. Such reports shall be maintained by the Joint Committee on Taxation for a period not exceeding 2 years unless, within such period, the Joint Committee on Taxation determines that a disclosure to the Congress is necessary.

(h) **Disclosure to certain Federal officers and employees for purposes of tax administration, etc.**—

(1) **Department of the Treasury.**—Returns and return information shall, without written request, be open to inspection by or disclosure to officers and employees of the Department of the Treasury whose official duties require such inspection or disclosure for tax administration purposes.

(2) **Department of Justice.**—In a matter involving tax administration, a return or return information shall be open to inspection by or disclosure to officers and employees of the Department of Justice (including United States attorneys) personally and directly engaged in, and solely for their use in, any proceeding before a Federal grand jury or preparation for any proceeding (or investigation which may result in such a proceeding) before a Federal grand jury or any Federal or State court, but only if—

(A) the taxpayer is or may be a party to the proceeding, or the proceeding arose out of, or in connection with, determining the taxpayer's civil or criminal liability, or the collection of such civil liability in respect of any tax imposed under this title;

(B) the treatment of an item reflected on such return is or may be related to the resolution of an issue in the proceeding or investigation; or

(C) such return or return information relates or may relate to a transactional relationship between a person who is or may be a party to the proceeding and the taxpayer which affects, or may affect, the resolution of an issue in such proceeding or investigation.

(3) **Form of request.**—In any case in which the Secretary is authorized to disclose a return or return information to the Department of Justice pursuant to the provisions of this subsection—

(A) if the Secretary has referred the case to the Department of Justice, or if the proceeding is authorized by subchapter B of chapter 76, the Secretary may make such disclosure on his own motion, or

(B) if the Secretary receives a written request from the Attorney General, the Deputy Attorney General, or an Assistant Attorney General for a return of, or return information relating to, a person named in such request and setting forth the need for the disclosure, the Secretary shall disclose return or return information so requested.

(4) **Disclosure in judicial and administrative tax proceedings.**—A return or return information may be disclosed in a Federal or State judicial or administrative proceeding pertaining to tax administration, but only—

(A) the taxpayer is a party to the proceeding, or the proceeding arose out of, or in connection with, determining the taxpayer's civil or criminal liability, or the collection of such civil liability, in respect of any tax imposed under this title;

(B) if the treatment of an item reflected on such return is directly related to the resolution of an issue in the proceeding;

(C) if such return or return information directly relates to a transactional relationship between a person who is a party to the proceeding and the taxpayer which directly affects the resolution of an issue in the proceeding; or

(D) to the extent required by order of a court pursuant to section 3500 of title 18, United States Code, or rule 16 of the Federal Rules of Criminal Procedure, such court being authorized in the issuance of such order to give due consideration to congressional policy favoring the confidentiality of returns and return information as set forth in this title.

However, such return or return information shall not be disclosed as provided in subparagraph (A), (B), or (C) if the Secretary determines that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.

(5) **Withholding of tax from social security benefits.**—Upon written request of the payor agency, the Secretary may disclose available return information from the master files of the Internal Revenue Service with respect to the address and status of an individual as a nonresident alien or as a citizen or resident of the United States to the Social Security Administration or the Railroad Retirement Board (whichever is appropriate) for purposes of carrying out its responsibilities for withholding tax under section 1441 from social security benefits (as defined in section 86(d)).

[(6) Redesignated (5)]

(i) **Disclosure to Federal officers or employees for administration of Federal laws not relating to tax administration.**—

(1) **Disclosure of returns and return information for use in criminal investigations.**—

(A) **In general.**—Except as provided in paragraph (6), any return or return information with respect to any specified taxable period or periods shall, pursuant to and upon the grant of an ex parte order by a Federal district court judge or magistrate under subparagraph (B), be open (but only to the extent necessary as provided in such order) to inspection by, or disclosure to, officers and employees of any Federal agency who are personally and directly engaged in—

(i) preparation for any judicial or administrative proceeding pertaining to the enforcement of a specifically designated Federal criminal statute (not involving tax administration) to which the United States or such agency is or may be a party,

(ii) any investigation which may result in such a proceeding, or

(iii) any Federal grand jury proceeding pertaining to enforcement of such a criminal statute to which the United States or such agency is or may be a party,

solely for the use of such officers and employees in such preparation, investigation, or grand jury proceeding.

(B) **Application for order.**—The Attorney General, the Deputy Attorney General, the Associate Attorney General, any Assistant Attorney General, any United States attorney, any special prosecutor appointed under section 593 of title 28, United States Code, or any attorney in charge of a criminal division organized crime strike force established pursuant to section 510 of title 28, United States Code, may authorize an application to a Federal district court judge or magistrate for the order referred to in subparagraph (A). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that—

(i) there is reasonable cause to believe, based upon information believed to be reliable, that a specific criminal act has been committed,

(ii) there is reasonable cause to believe that the return or return information is or may be relevant to a matter relating to the commission of such act, and

(iii) the return or return information is sought exclusively for use in a Federal criminal investigation or proceeding concerning such act, and the information sought to be disclosed cannot reasonably be obtained, under the circumstances, from another source.

(2) **Disclosure of return information other than taxpayer return information for use in criminal investigations.**—

(A) **In general.**—Except as provided in paragraph (6), upon receipt by the Secretary of a request which meets the requirements of subparagraph (B) from the head of any Federal agency or the Inspector General thereof, or, in the case of the Department of Justice, the Attorney General, the Deputy Attorney General, the Associate Attorney General, any Assistant Attorney General, the Director of the Federal Bureau of Investigation, the Administrator of the Drug Enforcement Administration, any United States attorney, any special prosecutor appointed under section 593 of title 28, United States Code, or any attorney in charge of a criminal division organized crime strike force established pursuant to section 510 of title 28, United States Code, the Secretary shall disclose return information (other than taxpayer return information) to officers and employees of such agency who are personally and directly engaged in—

(i) preparation for any judicial or administrative proceeding described in paragraph (1)(A)(i),

(ii) any investigation which may result in such a proceeding, or

(iii) any grand jury proceeding described in paragraph (1)(A)(iii),

solely for the use of such officers and employees in such preparation, investigation, or grand jury proceeding.

(B) **Requirements.**—A request meets the requirements of this subparagraph if the request is in writing and sets forth—

(i) the name and address of the taxpayer with respect to whom the requested return information relates;

(ii) the taxable period or periods to which such return information relates;

(iii) the statutory authority under which the proceeding or investigation described in subparagraph (A) is being conducted; and

(iv) the specific reason or reasons why such disclosure is, or may be, relevant to such proceeding or investigation.

(C) **Taxpayer identity.**—For purposes of this paragraph, a taxpayer's identity shall not be treated as taxpayer return information.

(3) **Disclosure of return information to apprise appropriate officials of criminal activities or emergency circumstances.**—

(A) **Possible violations of Federal criminal law.**—

(i) **In general.**—Except as provided in paragraph (6), the Secretary may disclose in writing return information (other than taxpayer return information) which may constitute evidence of a violation of any Federal criminal law (not involving tax administration) to the extent necessary to apprise the head of the appropriate Federal agency charged with the responsibility of enforcing such law. The head of such agency may disclose such return information to officers and employees of such agency to the extent necessary to enforce such law.

(ii) **Taxpayer identity.**—If there is return information (other than taxpayer return information) which may constitute evidence of a violation by any taxpayer of any Federal criminal law (not involving tax administration), such taxpayer's identity may also be disclosed under clause (i).

(B) **Emergency circumstances.**—

(i) **Danger of death or physical injury.**—Under circumstances involving an imminent danger of death or physical injury to any individual, the Secretary may disclose return information to the extent necessary to apprise appropriate officers or employees of any Federal or State law enforcement agency of such circumstances.

(ii) **Flight from Federal prosecution.**—Under circumstances involving the imminent flight of any individual from Federal prosecution, the Secretary may disclose return information to the extent necessary to apprise appropriate officers or employees of any Federal law enforcement agency of such circumstances.

(4) **Use of certain disclosed returns and return information in judicial or administrative proceedings.**—

(A) **Returns and taxpayer return information.**—Except as provided in subparagraph (C), any return or taxpayer return information obtained under paragraph (1) may be disclosed in any judicial or administrative proceeding pertaining to enforcement of a specifically designated Federal criminal statute or related civil forfeiture (not involving tax administration) to which the United States or a Federal agency is a party—

(i) if the court finds that such return or taxpayer return information is probative of a matter in issue relevant in establishing the commission of a crime or the guilt or liability of a party, or

(ii) to the extent required by order of the court pursuant to section 3500 of title 18, United States Code, or rule 16 of the Federal Rules of Criminal Procedure.

(B) Return information (other than taxpayer return information).—Except as provided in subparagraph (C), any return information (other than taxpayer return information) obtained under paragraph (1), (2), or (3)(A) may be disclosed in any judicial or administrative proceeding pertaining to enforcement of a specifically designated Federal criminal statute or related civil forfeiture (not involving tax administration) to which the United States or a Federal agency is a party.

(C) Confidential informant; impairment of investigations.—No return or return information shall be admitted into evidence under subparagraph (A)(i) or (B) if the Secretary determines and notifies the Attorney General or his delegate or the head of the Federal agency that such admission would identify a confidential informant or seriously impair a civil or criminal tax investigation.

(D) Consideration of confidentiality policy.—In ruling upon the admissibility of returns or return information, and in the issuance of an order under subparagraph (A)(ii), the court shall give due consideration to congressional policy favoring the confidentiality of returns and return information as set forth in this title.

(E) Reversible error.—The admission into evidence of any return or return information contrary to the provisions of this paragraph shall not, as such, constitute reversible error upon appeal of a judgment in the proceeding.

(5) Disclosure to locate fugitives from justice.—

(A) In general.—Except as provided in paragraph (6), the return of an individual or return information with respect to such individual shall, pursuant to and upon the grant of an ex parte order by a Federal district court judge or magistrate under subparagraph (B), be open (but only to the extent necessary as provided in such order) to inspection by, or disclosure to, officers and employees of any Federal agency exclusively for use in locating such individual.

(B) Application for order.—Any person described in paragraph (1)(B) may authorize an application to a Federal district court judge or magistrate for an order referred to in subparagraph (A). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that—

(i) a Federal arrest warrant relating to the commission of a Federal felony offense has been issued for an individual who is a fugitive from justice,

(ii) the return of such individual or return information with respect to such individual is sought exclusively for use in locating such individual, and

(iii) there is reasonable cause to believe that such return or return information may be relevant in determining the location of such individual.

(6) Confidential informants; impairment of investigations.—The Secretary shall not disclose any return or return information under paragraph (1), (2), (3)(A), (5), or (7) if the Secretary determines (and, in the case of a request for disclosure pursuant to a court order described in paragraph (1)(B) or (5)(B), certifies to the court) that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.

(7) Comptroller General.—

(A) Returns available for inspection.—Except as provided in subparagraph (C), upon written request by the Comptroller General of the United States, returns and return information shall be open to inspection by, or disclosure to, officers and employees of the General Accounting Office for the purpose of, and to the extent necessary in, making—

(i) an audit of the Internal Revenue Service or the Bureau of Alcohol, Tobacco and Firearms which may be required by section 713 of title 31, United States Code, or

(ii) any audit authorized by subsection (p)(6),

except that no such officer or employee shall, except to the extent authorized by subsection (f) or (p)(6), disclose to any person, other than another officer or employee of such office whose official duties require such disclosure, any return or return information described in section 4424(a) in a form which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer, nor shall such officer or employee disclose any other return or return information, except as otherwise expressly provided by law, to any person other than such other officer or employee of such office in a form which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(B) Audits of other agencies.—

(i) In general.—Nothing in this section shall prohibit any return or return information obtained under this title by any Federal agency (other than an agency referred to in subparagraph (A)) for use in any program or activity from being open to inspection by,

or disclosure to, officers and employees of the General Accounting Office if such inspection or disclosure is—

(I) for purposes of, and to the extent necessary in, making an audit authorized by law of such program or activity, and

(II) pursuant to a written request by the Comptroller General of the United States to the head of such Federal agency.

(ii) **Information from Secretary.**—If the Comptroller General of the United States determines that the returns or return information available under clause (i) are not sufficient for purposes of making an audit of any program or activity of a Federal agency (other than an agency referred to in subparagraph (A)), upon written request by the Comptroller General to the Secretary, returns and return information (of the type authorized by subsection (l) or (m) to be made available to the Federal agency for use in such program or activity) shall be open to inspection by, or disclosure to, officers and employees of the General Accounting Office for the purpose of, and to the extent necessary in, making such audit.

(iii) **Requirement of notification upon completion of audit.**—Within 90 days after the completion of an audit with respect to which returns or return information were opened to inspection or disclosed under clause (i) or (ii), the Comptroller General of the United States shall notify in writing the Joint Committee on Taxation of such completion. Such notice shall include—

(I) a description of the use of the returns and return information by the Federal agency involved,

(II) such recommendations with respect to the use of returns and return information by such Federal agency as the Comptroller General deems appropriate, and

(III) a statement on the impact of any such recommendations on confidentiality of returns and return information and the administration of this title.

(iv) **Certain restrictions made applicable.**—The restrictions contained in subparagraph (A) on the disclosure of any returns or return information open to inspection or disclosed under such subparagraph shall also apply to returns and return information open to inspection or disclosed under this subparagraph.

(C) **Disapproval by Joint Committee on Taxation.**—Returns and return information shall not be open to inspection or disclosed under subparagraph (A) or (B) with respect to an audit—

(i) unless the Comptroller General of the United States notifies in writing the Joint Committee on Taxation of such audit, and

(ii) if the Joint Committee on Taxation disapproves such audit by a vote of at least two-thirds of its members within the 30-day period beginning on the day the Joint Committee on Taxation receives such notice.

[(8) **Repealed.** Pub.L. 104-168, Title XII, § 1206(b)(1), July 30, 1996, 110 Stat. 1472]

(j) **Statistical use.**—

(1) **Department of Commerce.**—Upon request in writing by the Secretary of Commerce, the Secretary shall furnish—

(A) such returns, or return information reflected thereon, to officers and employees of the Bureau of the Census, and

(B) such return information reflected on returns of corporations to officers and employees of the Bureau of Economic Analysis,

as the Secretary may prescribe by regulation for the purpose of, but only to the extent necessary in, the structuring of censuses and national economic accounts and conducting related statistical activities authorized by law.

(2) **Federal Trade Commission.**—Upon request in writing by the Chairman of the Federal Trade Commission, the Secretary shall furnish such return information reflected on any return of a corporation with respect to the tax imposed by chapter 1 to officers and employees of the Division of Financial Statistics of the Bureau of Economics of such commission as the Secretary may prescribe by regulation for the purpose of, but only to the extent necessary in, administration by such division of legally authorized economic surveys of corporations.

(3) **Department of Treasury.**—Returns and return information shall be open to inspection by or disclosure to officers and employees of the Department of the Treasury whose official duties require such inspection or disclosure for the purpose of, but only to the extent necessary in, preparing economic or financial forecasts, projections, analyses, and statistical studies and conducting related activities. Such inspection or disclosure shall be permitted only upon written

request which sets forth the specific reason or reasons why such inspection or disclosure is necessary and which is signed by the head of the bureau or office of the Department of the Treasury requesting the inspection or disclosure.

(4) **Anonymous form.**—No person who receives a return or return information under this subsection shall disclose such return or return information to any person other than the taxpayer to whom it relates except in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(k) **Disclosure of certain returns and return information for tax administration purposes.**—

(1) **Disclosure of accepted offers-in-compromise.**—Return information shall be disclosed to members of the general public to the extent necessary to permit inspection of any accepted offer-in-compromise under section 7122 relating to the liability for a tax imposed by this title.

(2) **Disclosure of amount of outstanding lien.**—If a notice of lien has been filed pursuant to section 6323(f), the amount of the outstanding obligation secured by such lien may be disclosed to any person who furnishes satisfactory written evidence that he has a right in the property subject to such lien or intends to obtain a right in such property.

(3) **Disclosure of return information to correct misstatements of fact.**—The Secretary may, but only following approval by the Joint Committee on Taxation, disclose such return information or any other information with respect to any specific taxpayer to the extent necessary for tax administration purposes to correct a misstatement of fact published or disclosed with respect to such taxpayer's return or any transaction of the taxpayer with the Internal Revenue Service.

(4) **Disclosure to competent authority under tax convention.**—A return or return information may be disclosed to a competent authority of a foreign government which has an income tax or gift and estate tax convention, or other convention or bilateral agreement relating to the exchange of tax information, with the United States but only to the extent provided in, and subject to the terms and conditions of, such convention or bilateral agreement.

(5) **State agencies regulating tax return preparers.**—Taxpayer identity information with respect to any income tax return preparer, and information as to whether or not any penalty has been assessed against such income tax return preparer under section 6694, 6695, or 7216, may be furnished to any agency, body, or commission lawfully charged under any State or local law with the licensing, registration, or regulation of income tax return preparers. Such information may be furnished only upon written request by the head of such agency, body, or commission designating the officers or employees to whom such information is to be furnished. Information may be furnished and used under this paragraph only for purposes of the licensing, registration, or regulation of income tax return preparers.

(6) **Disclosure by internal revenue officers and employees for investigative purposes.**—An internal revenue officer or employee may, in connection with his official duties relating to any audit, collection activity, or civil or criminal tax investigation or any other offense under the internal revenue laws, disclose return information to the extent that such disclosure is necessary in obtaining information, which is not otherwise reasonably available, with respect to the correct determination of tax, liability for tax, or the amount to be collected or with respect to the enforcement of any other provision of this title. Such disclosures shall be made only in such situations and under such conditions as the Secretary may prescribe by regulation.

(7) **Disclosure of excise tax registration information.**—To the extent the Secretary determines that disclosure is necessary to permit the effective administration of subtitle D, the Secretary may disclose—

(A) the name, address, and registration number of each person who is registered under any provision of subtitle D (and, in the case of a registered terminal operator, the address of each terminal operated by such operator), and

(B) the registration status of any person.

(8) **Levies on certain government payments.**—

(A) **Disclosure of return information in levies on financial management service.**—In serving a notice of levy, or release of such levy, with respect to any applicable government payment, the Secretary may disclose to officers and employees of the Financial Management Service—

(i) return information, including taxpayer identity information,

(ii) the amount of any unpaid liability under this title (including penalties and interest), and

(iii) the type of tax and tax period to which such unpaid liability relates.

(B) **Restriction on use of disclosed information.**—Return information disclosed under subparagraph (A) may be used by officers and employees of the Financial Management Service only for the purpose of, and to the extent necessary in, transferring levied funds in

satisfaction of the levy, maintaining appropriate agency records in regard to such levy or the release thereof, notifying the taxpayer and the agency certifying such payment that the levy has been honored, or in the defense of any litigation ensuing from the honor of such levy.

(C) Applicable government payment.—For purposes of this paragraph, the term “applicable government payment” means—

(i) any Federal payment (other than a payment for which eligibility is based on the income or assets (or both) of a payee) certified to the Financial Management Service for disbursement, and

(ii) any other payment which is certified to the Financial Management Service for disbursement and which the Secretary designates by published notice.

(I) Disclosure of returns and return information for purposes other than tax administration.—

(1) Disclosure of certain returns and return information to Social Security Administration and Railroad Retirement Board.—The Secretary may, upon written request, disclose returns and return information with respect to—

(A) taxes imposed by chapters 2, 21, and 24, to the Social Security Administration for purposes of its administration of the Social Security Act;

(B) a plan to which part I of subchapter D of chapter 1 applies, to the Social Security Administration for purposes of carrying out its responsibility under section 1131 of the Social Security Act, limited, however, to return information described in section 6057(d); and

(C) taxes imposed by chapter 22, to the Railroad Retirement Board for purposes of its administration of the Railroad Retirement Act.

(2) Disclosure of returns and return information to the Department of Labor and Pension Benefit Guaranty Corporation.—The Secretary may, upon written request, furnish returns and return information to the proper officers and employees of the Department of Labor and the Pension Benefit Guaranty Corporation for purposes of, but only to the extent necessary in, the administration of titles I and IV of the Employee Retirement Income Security Act of 1974.

(3) Disclosure that applicant for Federal loan has tax delinquent account.—

(A) **In general.**—Upon written request, the Secretary may disclose to the head of the Federal agency administering any included Federal loan program whether or not an applicant for a loan under such program has a tax delinquent account.

(B) **Restriction on disclosure.**—Any disclosure under subparagraph (A) shall be made only for the purpose of, and to the extent necessary in, determining the creditworthiness of the applicant for the loan in question.

(C) **Included Federal loan program defined.**—For purposes of this paragraph, the term “included Federal loan program” means any program under which the United States or a Federal agency makes, guarantees, or insures loans.

(4) Disclosure of returns and return information for use in personnel or claimant representative matters.—The Secretary may disclose returns and return information—

(A) upon written request—

(i) to an employee or former employee of the Department of the Treasury, or to the duly authorized legal representative of such employee or former employee, who is or may be a party to any administrative action or proceeding affecting the personnel rights of such employee or former employee; or

(ii) to any person, or to the duly authorized legal representative of such person, whose rights are or may be affected by an administrative action or proceeding under section 330 of the title 31, United States Code,

solely for use in the action or proceeding, or in preparation for the action or proceeding, but only to the extent that the Secretary determines that such returns or return information is or may be relevant and material to the action or proceeding; or

(B) to officers and employees of the Department of the Treasury for use in any action or proceeding described in subparagraph (A), or in preparation for such action or proceeding, to the extent necessary to advance or protect the interests of the United States.

(5) Social Security Administration.—Upon written request by the Commissioner of Social Security, the Secretary may disclose information returns filed pursuant to part III of subchapter A of chapter 61 of this subtitle for the purpose of—

(A) carrying out, in accordance with an agreement entered into pursuant to section 232 of the Social Security Act, an effective return processing program; or

(B) providing information regarding the mortality status of individuals for epidemiological and similar research in accordance with section 1106(d) of the Social Security Act.

(6) Disclosure of return information to Federal, State, and local child support enforcement agencies.—

(A) Return information from Internal Revenue Service.—The Secretary may, upon written request, disclose to the appropriate Federal, State, or local child support enforcement agency—

(i) available return information from the master files of the Internal Revenue Service relating to the social security account number (or numbers, if the individual involved has more than one such number), address, filing status, amounts and nature of income, and the number of dependents reported on any return filed by, or with respect to, any individual with respect to whom child support obligations are sought to be established or enforced pursuant to the provisions of part D of title IV of the Social Security Act and with respect to any individual to whom such support obligations are owing, and

(ii) available return information reflected on any return filed by, or with respect to, any individual described in clause (i) relating to the amount of such individual's gross income (as defined in section 61) or consisting of the names and addresses of payors of such income and the names of any dependents reported on such return, but only if such return information is not reasonably available from any other source.

(B) Disclosure to certain agents.—The following information disclosed to any child support enforcement agency under subparagraph (A) with respect to any individual with respect to whom child support obligations are sought to be established or enforced may be disclosed by such agency to any agent of such agency which is under contract with such agency to carry out the purposes described in subparagraph (C):

(i) The address and social security account number (or numbers) of such individual.

(ii) The amount of any reduction under section 6402(c) (relating to offset of past-due support against overpayments) in any overpayment otherwise payable to such individual.

(C) Restriction on disclosure.—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.

(7) Disclosure of return information to Federal, State, and local agencies administering certain programs under the Social Security Act, the Food Stamp Act of 1977 or title 38, United States Code, or certain housing assistance programs.—

(A) Return information from Social Security Administration.—The Commissioner of Social Security shall, upon written request, disclose return information from returns with respect to net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and payments of retirement income, which have been disclosed to the Social Security Administration as provided by paragraph (1) or (5) of this subsection, to any Federal, State, or local agency administering a program listed in subparagraph (D).

(B) Return information from Internal Revenue Service.—The Secretary shall, upon written request, disclose current return information from returns with respect to unearned income from the Internal Revenue Service files to any Federal, State, or local agency administering a program listed in subparagraph (D).

(C) Restriction on disclosure.—The Commissioner of Social Security and the Secretary shall disclose return information under subparagraphs (A) and (B) only for purposes of, and to the extent necessary in, determining eligibility for, or the correct amount of, benefits under a program listed in subparagraph (D).

(D) Programs to which rule applies.—The programs to which this paragraph applies are:

(i) a State program funded under part A of title IV of the Social Security Act;

(ii) medical assistance provided under a State plan approved under title XIX of the Social Security Act;

(iii) supplemental security income benefits provided under title XVI of the Social Security Act, and federally administered supplementary payments of the type described in section 1616(a) of such Act (including payments pursuant to an agreement entered into under section 212(a) of Public Law 93-66);

(iv) any benefits provided under a State plan approved under title I, X, XIV, or XVI of the Social Security Act (as those titles apply to Puerto Rico, Guam, and the Virgin Islands);

(v) unemployment compensation provided under a State law described in section 3304 of this title;

(vi) assistance provided under the Food Stamp Act of 1977;

(vii) State-administered supplementary payments of the type described in section 1616(a) of the Social Security Act (including payments pursuant to an agreement entered into under section 212(a) of Public Law 93-66);

(viii)(I) any needs-based pension provided under chapter 15 of title 38, United States Code, or under any other law administered by the Secretary of Veterans Affairs;

(II) parents' dependency and indemnity compensation provided under section 1315 of title 38, United States Code;

(III) health-care services furnished under section 1710(a)(1)(I), 1710(a)(2), 1710(b), and 1712(a)(2)(B) of such title; and

(IV) compensation paid under chapter 11 of title 38, United States Code, at the 100 percent rate based solely on unemployability and without regard to the fact that the disability or disabilities are not rated as 100 percent disabling under the rating schedule; and

(ix) any housing assistance program administered by the Department of Housing and Urban Development that involves initial and periodic review of an applicant's or participant's income, except that return information may be disclosed under this clause only on written request by the Secretary of Housing and Urban Development and only for use by officers and employees of the Department of Housing and Urban Development with respect to applicants for and participants in such programs.

Only return information from returns with respect to net earnings from self-employment and wages may be disclosed under this paragraph for use with respect to any program described in clause (viii)(IV). Clause (viii) shall not apply after September 30, 2003. Clause (ix) shall not apply after September 30, 1998.

(8) Disclosure of certain return information by Social Security Administration to State and local child support enforcement agencies.—

(A) **In general.**—Upon written request, the Commissioner of Social Security shall disclose directly to officers and employees of a State or local child support enforcement agency return information from returns with respect to social security account numbers, net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and payments of retirement income which have been disclosed to the Social Security Administration as provided by paragraph (1) or (5) of this subsection.

(B) **Restriction on disclosure.**—The Commissioner of Social Security shall disclose return information under subparagraph (A) only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations. For purposes of the preceding sentence, the term "child support obligations" only includes obligations which are being enforced pursuant to a plan described in section 454 of the Social Security Act which has been approved by the Secretary of Health and Human Services under part D of title IV of such Act.

(C) **State or local child support enforcement agency.**— For purposes of this paragraph, the term "State or local child support enforcement agency" means any agency of a State or political subdivision thereof operating pursuant to a plan described in subparagraph (B).

(9) Disclosure of alcohol fuel producers to administrators of State alcohol laws.— Notwithstanding any other provision of this section, the Secretary may disclose—

(A) the name and address of any person who is qualified to produce alcohol for fuel use under section 5181, and

(B) the location of any premises to be used by such person in producing alcohol for fuel, to any State agency, body, or commission, or its legal representative, which is charged under the laws of such State with responsibility for administration of State alcohol laws solely for use in the administration of such laws.

(10) Disclosure of certain information to agencies requesting a reduction under section 6402(c) or 6402(d).—

(A) **Return information from Internal Revenue Service.**—The Secretary may, upon receiving a written request, disclose to officers and employees of any agency seeking a reduction under subsection (c) or (d) of section 6402 and to officers and employees of the Department of the Treasury in connection with such reduction—

(i) taxpayer identity information with respect to the taxpayer against whom such a reduction was made or not made and with respect to any other person filing a joint return with such taxpayer,

(ii) the fact that a reduction has been made or has not been made under such subsection with respect to such taxpayer,

(iii) the amount of such reduction,

(iv) whether such taxpayer filed a joint return, and

(v) the fact that a payment was made (and the amount of the payment) to the spouse of the taxpayer on the basis of a joint return.

(B) Restriction on use of disclosed information.—Any officers and employees of an agency receiving return information under subparagraph (A) shall use such information only for the purposes of, and to the extent necessary in, establishing appropriate agency records, locating any person with respect to whom a reduction under subsection (c) or (d) of section 6402 and to officers and employees of the Department of the Treasury in connection with such reduction is sought for purposes of collecting the debt with respect to which the reduction is sought, or in the defense of any litigation or administrative procedure ensuing from a reduction made under subsection (c) or (d) of section 6402 and to officers and employees of the Department of the Treasury in connection with such reduction.

(11) Disclosure of return information to carry out Federal Employees' Retirement System.—

(A) In general.—The Commissioner of Social Security shall, on written request, disclose to the Office of Personnel Management return information from returns with respect to net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and payments of retirement income, which have been disclosed to the Social Security Administration as provided by paragraph (1) or (5).

(B) Restriction on disclosure.—The Commissioner of Social Security shall disclose return information under subparagraph (A) only for purposes of, and to the extent necessary in, the administration of chapters 83 and 84 of title 5, United States Code.

(12) Disclosure of certain taxpayer identity information for verification of employment status of medicare beneficiary and spouse of medicare beneficiary.—

(A) Return information from Internal Revenue Service.—The Secretary shall, upon written request from the Commissioner of Social Security, disclose to the Commissioner available filing status and taxpayer identity information from the individual master files of the Internal Revenue Service relating to whether any medicare beneficiary identified by the Commissioner was a married individual (as defined in section 7703) for any specified year after 1986, and, if so, the name of the spouse of such individual and such spouse's TIN.

(B) Return information from Social Security Administration.—The Commissioner of Social Security shall, upon written request from the Administrator of the Health Care Financing Administration, disclose to the Administrator the following information:

(i) The name and TIN of each medicare beneficiary who is identified as having received wages (as defined in section 3401(a)), above an amount (if any) specified by the Secretary of Health and Human Services, from a qualified employer in a previous year.

(ii) For each medicare beneficiary who was identified as married under subparagraph (A) and whose spouse is identified as having received wages, above an amount (if any) specified by the Secretary of Health and Human Services, from a qualified employer in a previous year—

(I) the name and TIN of the medicare beneficiary, and

(II) the name and TIN of the spouse.

(iii) With respect to each such qualified employer, the name, address, and TIN of the employer and the number of individuals with respect to whom written statements were furnished under section 6051 by the employer with respect to such previous year.

(C) Disclosure by Health Care Financing Administration.—With respect to the information disclosed under subparagraph (B), the Administrator of the Health Care Financing Administration may disclose—

(i) to the qualified employer referred to in such subparagraph the name and TIN of each individual identified under such subparagraph as having received wages from the employer (hereinafter in this subparagraph referred to as the "employee") for purposes of determining during what period such employee or the employee's spouse may be (or have been) covered under a group health plan of the employer and what benefits are or were covered under the plan (including the name, address, and identifying number of the plan),

(ii) to any group health plan which provides or provided coverage to such an employee or spouse, the name of such employee and the employee's spouse (if the spouse is a medicare beneficiary) and the name and address of the employer, and, for the purpose of presenting a claim to the plan—

(I) the TIN of such employee if benefits were paid under title XVIII of the Social Security Act with respect to the employee during a period in which the plan was a primary plan (as defined in section 1862(b)(2)(A) of the Social Security Act), and

(II) the TIN of such spouse if benefits were paid under such title with respect to the spouse during such period, and

(iii) to any agent of such Administrator the information referred to in subparagraph (B) for purposes of carrying out clauses (i) and (ii) on behalf of such Administrator.

(D) Special rules.—

(i) **Restrictions on disclosure.**—Information may be disclosed under this paragraph only for purposes of, and to the extent necessary in, determining the extent to which any medicare beneficiary is covered under any group health plan.

(ii) **Timely response to requests.**—Any request made under subparagraph (A) or (B) shall be complied with as soon as possible but in no event later than 120 days after the date the request was made.

(E) Definitions.—For purposes of this paragraph—

(i) **Medicare beneficiary.**—The term “medicare beneficiary” means an individual entitled to benefits under part A, or enrolled under part B, of title XVIII of the Social Security Act, but does not include such an individual enrolled in part A under section 1818.

(ii) **Group health plan.**—The term “group health plan” means any group health plan (as defined in section 5000(b)(1)).

(iii) **Qualified employer.**—The term “qualified employer” means, for a calendar year, an employer which has furnished written statements under section 6051 with respect to at least 20 individuals for wages paid in the year.

[(F) **Repealed.** Pub.L. 105-33, Title IV, § 4631(c)(2), Aug. 5, 1997, 111 Stat. 486]

(13) Disclosure of return information to carry out income contingent repayment of student loans.—

(A) **In general.**—The Secretary may, upon written request from the Secretary of Education, disclose to officers and employees of the Department of Education return information with respect to a taxpayer who has received an applicable student loan and whose loan repayment amounts are based in whole or in part on the taxpayer's income. Such return information shall be limited to—

- (i) taxpayer identity information with respect to such taxpayer,
- (ii) the filing status of such taxpayer, and
- (iii) the adjusted gross income of such taxpayer.

(B) **Restriction on use of disclosed information.**—Return information disclosed under subparagraph (A) may be used by officers and employees of the Department of Education only for the purposes of, and to the extent necessary in, establishing the appropriate income contingent repayment amount for an applicable student loan.

(C) **Applicable student loan.**—For purposes of this paragraph, the term “applicable student loan” means—

- (i) any loan made under the program authorized under part D of title IV of the Higher Education Act of 1965, and
- (ii) any loan made under part B or E of title IV of the Higher Education Act of 1965 which is in default and has been assigned to the Department of Education.

(D) **Termination.**—This paragraph shall not apply to any request made after September 30, 1998.

(14) Disclosure of return information to United States Customs Service.—The Secretary may, upon written request from the Commissioner of the United States Customs Service, disclose to officers and employees of the Department of the Treasury such return information with respect to taxes imposed by chapters 1 and 6 as the Secretary may prescribe by regulations, solely for the purpose of, and only to the extent necessary in—

(A) ascertaining the correctness of any entry in audits as provided for in section 509 of the Tariff Act of 1930 (19 U.S.C. 1509), or

(B) other actions to recover any loss of revenue, or to collect duties, taxes, and fees, determined to be due and owing pursuant to such audits.

(15) Disclosure of returns filed under section 6050I.—The Secretary may, upon written request, disclose to officers and employees of—

- (A) any Federal agency,
- (B) any agency of a State or local government, or

(C) any agency of the government of a foreign country, information contained on returns filed under section 6050I. Any such disclosure shall be made on the same basis, and subject to the same conditions, as apply to disclosures of information on reports filed under section

5313 of title 31, United States Code; except that no disclosure under this paragraph shall be made for purposes of the administration of any tax law.

(m) Disclosure of taxpayer identity information.—

(1) Tax refunds.—The Secretary may disclose taxpayer identity information to the press and other media for purposes of notifying persons entitled to tax refunds when the Secretary, after reasonable effort and lapse of time, has been unable to locate such persons.

(2) Federal claims.—

(A) In general.—Except as provided in subparagraph (B), the Secretary may, upon written request, disclose the mailing address of a taxpayer for use by officers, employees, or agents of a Federal agency for purposes of locating such taxpayer to collect or compromise a Federal claim against the taxpayer in accordance with sections 3711, 3717, and 3718 of title 31.

(B) Special rule for consumer reporting agency.—In the case of an agent of a Federal agency which is a consumer reporting agency (within the meaning of section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))), the mailing address of a taxpayer may be disclosed to such agent under subparagraph (A) only for the purpose of allowing such agent to prepare a commercial credit report on the taxpayer for use by such Federal agency in accordance with sections 3711, 3717, and 3718 of title 31.

(3) National Institute for Occupational Safety and Health.—Upon written request, the Secretary may disclose the mailing address of taxpayers to officers and employees of the National Institute for Occupational Safety and Health solely for the purpose of locating individuals who are, or may have been, exposed to occupational hazards in order to determine the status of their health or to inform them of the possible need for medical care and treatment.

(4) Individuals who owe an overpayment of Federal Pell grants or who have defaulted on student loans administered by the Department of Education.—

(A) In general.—Upon written request by the Secretary of Education, the Secretary may disclose the mailing address of any taxpayer—

(i) who owes an overpayment of a grant awarded to such taxpayer under subpart 1 of part A of title IV of the Higher Education Act of 1965, or

(ii) who has defaulted on a loan—

(I) made under part B, D, or E of title IV of the Higher Education Act of 1965, or

(II) made pursuant to section 3(a)(1) of the Migration and Refugee Assistance Act of 1962 to a student at an institution of higher education,

for use only by officers, employees, or agents of the Department of Education for purposes of locating such taxpayer for purposes of collecting such overpayment or loan.

(B) Disclosure to educational institutions, etc.—Any mailing address disclosed under subparagraph (A)(i) may be disclosed by the Secretary of Education to—

(i) any lender, or any State or nonprofit guarantee agency, which is participating under part B or D of title IV of the Higher Education Act of 1965, or

(ii) any educational institution with which the Secretary of Education has an agreement under subpart 1 of part A, or part D or E, of title IV of such Act,

for use only by officers, employees, or agents of such lender, guarantee agency, or institution whose duties relate to the collection of student loans for purposes of locating individuals who have defaulted on student loans made under such loan programs for purposes of collecting such loans.

(5) Individuals who have defaulted on student loans administered by the Department of Health and Human Services.—

(A) In general.—Upon written request by the Secretary of Health and Human Services, the Secretary may disclose the mailing address of any taxpayer who has defaulted on a loan made under part C of title VII of the Public Health Service Act or under subpart II of part B of title VIII of such Act, for use only by officers, employees, or agents of the Department of Health and Human Services for purposes of locating such taxpayer for purposes of collecting such loan.

(B) Disclosure to schools and eligible lenders.—Any mailing address disclosed under subparagraph (A) may be disclosed by the Secretary of Health and Human Services to—

(i) any school with which the Secretary of Health and Human Services has an agreement under subpart II of part C of title VII of the Public Health Service Act or subpart II of part B of title VIII of such Act, or

(ii) any eligible lender (within the meaning of section 737(4) of such Act) participating under subpart I of part C of title VII of such Act,

for use only by officers, employees, or agents of such school or eligible lender whose duties relate to the collection of student loans for purposes of locating individuals who have defaulted on student loans made under such subparts for the purposes of collecting such loans.

(6) Blood Donor Locator Service.—

(A) **In general.**—Upon written request pursuant to section 1141 of the Social Security Act, the Secretary shall disclose the mailing address of taxpayers to officers and employees of the Blood Donor Locator Service in the Department of Health and Human Services.

(B) **Restriction on disclosure.**—The Secretary shall disclose return information under subparagraph (A) only for purposes of, and to the extent necessary in, assisting under the Blood Donor Locator Service authorized persons (as defined in section 1141(h)(1) of the Social Security Act) in locating blood donors who, as indicated by donated blood or products derived therefrom or by the history of the subsequent use of such blood or blood products, have or may have the virus for acquired immune deficiency syndrome, in order to inform such donors of the possible need for medical care and treatment.

(C) **Safeguards.**—The Secretary shall destroy all related blood donor records (as defined in section 1141(h)(2) of the Social Security Act) in the possession of the Department of the Treasury upon completion of their use in making the disclosure required under subparagraph (A), so as to make such records undisclosable.

(7) **Social security account statement furnished by Social Security Administration.**—Upon written request by the Commissioner of Social Security, the Secretary may disclose the mailing address of any taxpayer who is entitled to receive a social security account statement pursuant to section 1143(c) of the Social Security Act, for use only by officers, employees or agents of the Social Security Administration for purposes of mailing such statement to such taxpayer.

(n) **Certain other persons.**—Pursuant to regulations prescribed by the Secretary, returns and return information may be disclosed to any person, including any person described in section 7513(a), to the extent necessary in connection with the processing, storage, transmission, and reproduction of such returns and return information, the programming, maintenance, repair, testing, and procurement of equipment, and the providing of other services, for purposes of tax administration.

(o) Disclosure of returns and return information with respect to certain taxes.—

(1) **Taxes imposed by subtitle E.**—Returns and return information with respect to taxes imposed by subtitle E (relating to taxes on alcohol, tobacco, and firearms) shall be open to inspection by or disclosure to officers and employees of a Federal agency whose official duties require such inspection or disclosure.

(2) **Taxes imposed by chapter 35.**—Returns and return information with respect to taxes imposed by chapter 35 (relating to taxes on wagering) shall, notwithstanding any other provision of this section, be open to inspection by or disclosure only to such person or persons and for such purpose or purposes as are prescribed by section 4424.

(p) Procedure and recordkeeping.—

(1) **Manner, time, and place of inspections.**—Requests for the inspection or disclosure of a return or return information and such inspection or disclosure shall be made in such manner and at such time and place as shall be prescribed by the Secretary.

(2) Procedure.—

(A) **Reproduction of returns.**—A reproduction or certified reproduction of a return shall, upon written request, be furnished to any person to whom disclosure or inspection of such return is authorized under this section. A reasonable fee may be prescribed for furnishing such reproduction or certified reproduction.

(B) **Disclosure of return information.**—Return information disclosed to any person under the provisions of this title may be provided in the form of written documents, reproductions of such documents, films or photoimpressions, or electronically produced tapes, disks, or records, or by any other mode or means which the Secretary determines necessary or appropriate. A reasonable fee may be prescribed for furnishing such return information.

(C) **Use of reproductions.**—Any reproduction of any return, document, or other matter made in accordance with this paragraph shall have the same legal status as the original, and any such reproduction shall, if properly authenticated, be admissible in evidence in any judicial or administrative proceeding as if it were the original, whether or not the original is in existence.

(3) Records of inspection and disclosure.—

(A) **System of recordkeeping.**—Except as otherwise provided by this paragraph, the Secretary shall maintain a permanent system of standardized records or accountings of all requests for inspection or disclosure of returns and return information (including the reasons

for and dates of such requests) and of returns and return information inspected or disclosed under this section. Notwithstanding the provisions of section 552a(c) of title 5, United States Code, the Secretary shall not be required to maintain a record or accounting of requests for inspection or disclosure of returns and return information, or of returns and return information inspected or disclosed, under the authority of subsections (c), (e), (h)(1), (3)(A), or (4), (i)(4), or (7)(A)(ii), (k)(1), (2), (6), or (8), (l)(1), (4)(B), (5), (7), (8), (9), (10), (11), (12), (13), (14), or (15), (m), or (n). The records or accountings required to be maintained under this paragraph shall be available for examination by the Joint Committee on Taxation or the Chief of Staff of such joint committee. Such record or accounting shall also be available for examination by such person or persons as may be, but only to the extent, authorized to make such examination under section 552a(c)(3) of title 5, United States Code.

(B) Report by the Secretary.—The Secretary shall, within 90 days after the close of each calendar year, furnish to the Joint Committee on Taxation a report with respect to, or summary of, the records or accountings described in subparagraph (A) in such form and containing such information as such joint committee or the Chief of Staff of such joint committee may designate. Such report or summary shall not, however, include a record or accounting of any request by the President under subsection (g) for, or the disclosure in response to such request of, any return or return information with respect to any individual who, at the time of such request, was an officer or employee of the executive branch of the Federal Government. Such report or summary, or any part thereof, may be disclosed by such joint committee to such persons and for such purposes as the joint committee may, by record vote of a majority of the members of the joint committee, determine.

(C) Public report on disclosures.—The Secretary shall, within 90 days after the close of each calendar year, furnish to the Joint Committee on Taxation for disclosure to the public a report with respect to the records or accountings described in subparagraph (A) which—

(i) provides with respect to each Federal agency, each agency, body, or commission described in subsection (d), (i)(3)(B)(i) or (l)(6), and the General Accounting Office the number of—

(I) requests for disclosure of returns and return information,

(II) instances in which returns and return information were disclosed pursuant to such requests or otherwise,

(III) taxpayers whose returns, or return information with respect to whom, were disclosed pursuant to such requests, and

(ii) describes the general purposes for which such requests were made,¹

(4) Safeguards.—Any Federal agency described in subsection (h)(2), (h)(5), (i)(1), (2), (3), or (5), (j)(1) or (2), (k)(8), (l)(1), (2), (3), (5), (10), (11), (13), (14) or (15), or (o)(1), the General Accounting Office, or any agency, body, or commission described in subsection (d), (i)(3)(B)(i), or (l), (6), (7), (8), (9), (12) or (15) shall, as a condition for receiving returns or return information—

(A) establish and maintain, to the satisfaction of the Secretary, a permanent system of standardized records with respect to any request, the reason for such request, and the date of such request made by or of it and any disclosure of return or return information made by or to it;

(B) establish and maintain, to the satisfaction of the Secretary, a secure area or place in which such returns or return information shall be stored;

(C) restrict, to the satisfaction of the Secretary, access to the returns or return information only to persons whose duties or responsibilities require access and to whom disclosure may be made under the provisions of this title;

(D) provide such other safeguards which the Secretary determines (and which he prescribes in regulations) to be necessary or appropriate to protect the confidentiality of the returns or return information;

(E) furnish a report to the Secretary, at such time and containing such information as the Secretary may prescribe, which describes the procedures established and utilized by such agency, body, or commission or the General Accounting Office for ensuring the confidentiality of returns and return information required by this paragraph; and

(F) upon completion of use of such returns or return information—

(i) in the case of an agency, body, or commission described in subsection (d), (i)(3)(B)(i), or (l)(6), (7), (8), or (9), return to the Secretary such returns or return information (along with any copies made therefrom) or make such returns or return information undisclosable in any manner and furnish a written report to the Secretary describing such manner,

(ii) in the case of an agency described in subsections (h)(2), (h)(5), (i)(1), (2), (3), or (5), (j)(1) or (2), (k)(8), (l)(1), (2), (3), (5), (10), (11), (12), (13), (14) or (15) or (o)(1),² or the General Accounting Office, either—

(I) return to the Secretary such returns or return information (along with any copies made therefrom),

(II) otherwise make such returns or return information undisclosable, or

(III) to the extent not so returned or made undisclosable, ensure that the conditions of subparagraphs (A), (B), (C), (D), and (E) of this paragraph continue to be met with respect to such returns or return information, and

(iii) in the case of the Department of Health and Human Services for purposes of subsection (m)(6), destroy all such return information upon completion of its use in providing the notification for which the information was obtained, so as to make such information undisclosable;

except that the conditions of subparagraphs (A), (B), (C), (D), and (E) shall cease to apply with respect to any return or return information if, and to the extent that, such return or return information is disclosed in the course of any judicial or administrative proceeding and made a part of the public record thereof. If the Secretary determines that any such agency, body, or commission or the General Accounting Office has failed to, or does not, meet the requirements of this paragraph, he may, after any proceedings for review established under paragraph (7), take such actions as are necessary to ensure such requirements are met, including refusing to disclose returns or return information to such agency, body, or commission or the General Accounting Office until he determines that such requirements have been or will be met. In the case of any agency which receives any mailing address under paragraph (2), (4), (6), or (7) of subsection (m) and which discloses any such mailing address to any agent or which receives any information under subsection³ paragraph (6)(A) or (12)(B) of subsection (l) and which discloses any such information to any agent, this paragraph shall apply to such agency and each such agent (except that, in the case of an agent, any report to the Secretary or other action with respect to the Secretary shall be made or taken through such agency). For purposes of applying this paragraph in any case to which subsection (m)(6) applies, the term "return information" includes related blood donor records (as defined in section 1141(h)(2) of the Social Security Act).

(5) **Report on procedures and safeguards.**—After the close of each calendar year, the Secretary shall furnish to each committee described in subsection (f)(1) a report which describes the procedures and safeguards established and utilized by such agencies, bodies, or commissions and the General Accounting Office for ensuring the confidentiality of returns and return information as required by this subsection. Such report shall also describe instances of deficiencies in, and failure to establish or utilize, such procedures.

(6) **Audit of procedures and safeguards.**—

(A) **Audit by Comptroller General.**—The Comptroller General may audit the procedures and safeguards established by such agencies, bodies, or commissions pursuant to this subsection to determine whether such safeguards and procedures meet the requirements of this subsection and ensure the confidentiality of returns and return information. The Comptroller General shall notify the Secretary before any such audit is conducted.

(B) **Records of inspection and reports by the Comptroller General.**—The Comptroller General shall—

(i) maintain a permanent system of standardized records and accountings of returns and return information inspected by officers and employees of the General Accounting Office under subsection (i)(7)(A)(ii) and shall, within 90 days after the close of each calendar year, furnish to the Secretary a report with respect to, or summary of, such records or accountings in such form and containing such information as the Secretary may prescribe, and

(ii) furnish an annual report to each committee described in subsection (f) and to the Secretary setting forth his findings with respect to any audit conducted pursuant to subparagraph (A).

The Secretary may disclose to the Joint Committee any report furnished to him under clause (i).

(7) **Administrative review.**—The Secretary shall by regulations prescribe procedures which provide for administrative review of any determination under paragraph (4) that any agency, body, or commission described in subsection (d) has failed to meet the requirements of such paragraph.

(8) **State law requirements.**—

(A) **Safeguards.**—Notwithstanding any other provision of this section, no return or return information shall be disclosed after December 31, 1978, to any officer or employee of any State which requires a taxpayer to attach to, or include in, any State tax return a copy of any portion of his Federal return, or information reflected on such Federal return, unless such State adopts provisions of law which protect the confidentiality of the copy of the Federal return (or portion thereof) attached to, or the Federal return information reflected on, such State tax return.

(B) **Disclosure of returns or return information in State returns.**—Nothing in subparagraph (A) shall be construed to prohibit the disclosure by an officer or employee of any State of any copy of any portion of a Federal return or any information on a Federal return which is required to be attached or included in a State return to another officer or employee of such State (or political subdivision of such State) if such disclosure is specifically authorized by State law.

(q) **Regulations.**—The Secretary is authorized to prescribe such other regulations as are necessary to carry out the provisions of this section.

Appendix D

Legislation Proposed by the Task Force

OFFICE OF THE REVISOR OF STATUTES

BILL DRAFT SUMMARY

LR #: 3320 ITEM #: 1 TYPE: O

TITLE:

**Resolve, to Implement the Interim Recommendations of the
Task Force on State and Federal Tax Filing**

SPONSOR:

COSPONSORS:

LEGEND: Submitted by the Task Force on
State and Federal Tax Filing pursuant
to Resolve 1997, chapter 66.

AUTHORITY FOR INTRODUCTION: PST

DATE/TIME LAST PRINTED: 01/16/98 12:33

LAST ACTION: HLD/ADMIN 01/02/98

SHORT TITLE: RESOLVE TO IMPLEMENT RECOMDTNS OF TASK FORCE ON TAX
FILING

Sec. 1. Resolve 1997, c. 66, §§6 to 8, amended. Resolved: That
Resolve 1997, c. 66, §§6 to 8 are amended to read:

Sec. 6. Reimbursement. Resolved: That the members of the task force who are Legislators are entitled to receive the legislative per diem as defined in the Maine Revised Statutes, Title 3, section 2 and reimbursement for travel and other necessary expenses for attendance at meetings of the task force upon application to the Executive Director of the Legislative Council for those expenses. Members appointed to represent the business community may be reimbursed for expenses. Other members are not entitled to reimbursement of expenses; and be it further

Sec. 7. Report. Resolved: That the task force shall submit its report, which must include a plan to implement a single-form filing and payment system for state and federal taxes for use by small businesses, together with any necessary implementing legislation, to the ~~Second~~ First Regular Session of the ~~118th~~ 119th Legislature no later than January 1, 1998 1999. If the task force requires an extension, it may apply to the Legislative Council, which may grant the extension; and be it further

Sec. 8. Meetings. Resolved: That the task force may meet up to 4 times in 1997 and up to 12 times in 1998; and be it further

Sec. 2. Appropriation. Resolved: That the following funds are appropriated from the General Fund to carry out the purposes of this resolve.

1998-99

LEGISLATURE

Task Force on State and Federal Tax Filing

Personal Services	\$1,980
All Other	3,600

Provides funds for the per diem of legislative members and expenses of legislative and business community members of the Task Force on State and Federal Tax Filing.

**LEGISLATURE
TOTAL**

\$5,580

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SUMMARY

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This resolve amends the resolve that created the Task Force on State and Federal Tax Filing to extend the reporting date for one year and authorize expenses for members of the task force appointed to represent the business community. It authorizes the task force to meet up to 12 times during 1998.