



Instructions for Form 942

(Rev. April 1994)

(Use with Form 942, Rev. January 1994)

Employer's Quarterly Tax Return for Household Employees

(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.

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

Recordkeeping	20 min.
Learning about the law or the form	20 min.
Preparing the form	32 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Attention: Reports Clearance Officer, PC:FP, Washington, DC 20224; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0034), Washington, DC 20503. DO NOT send the tax form to either of these offices. Instead, see **Where To File** on page 2.

Items You Should Note

Address changes.—Some return and payment filing addresses have changed. Check the address for your location under **Where To File** on page 2.

Social security and Medicare taxes.—For 1994, the social security (old age, survivors, and disability insurance) wage base is \$60,600. There is **no limit** on the amount of wages and tips subject to Medicare tax in 1994. For 1994, the social security tax rate is 6.2% each for the employer and employee. The Medicare tax rate is 1.45% each for the employer and employee.

Advance earned income credit (EIC) payments.—For 1994, eligible employees can get up to \$102 a month in advance EIC payments added to their take-home pay. See **How do my employees get advance EIC payments?** on page 2.

General Instructions

Purpose of form.—Use Form 942 to report and pay employer and employee social security and Medicare taxes, and any withheld income tax on wages paid to household employees.

Who must file.—File Form 942 if you paid an employee cash wages of \$50 or more in a calendar quarter for household work in or around your private home. Also file Form 942 if you paid your household employee less than \$50 in a quarter, but withheld income tax at the employee's request.

Exception.—Do not file Form 942 if either of the following applies:

- The household employee worked in your home on a farm operated for profit. Instead, file **Form 943**, Employer's Annual Tax Return for Agricultural Employees.
- The household employee worked for a college club, fraternity, or sorority. Instead, file **Form 941**, Employer's Quarterly Federal Tax Return.

What is household work?—Household work is work performed in or around the employer's private home (unless the private home is on a farm operated for profit). It includes services by babysitters, butlers, caretakers, cleaning people, cooks, gardeners, governesses, housekeepers, janitors, laundresses, maids, personal chauffeurs, and valets.

Social security and Medicare taxes.—Both the employer and the employee must pay social security and Medicare taxes on cash wages the employee receives for household work. The combined social security tax rate is 12.4% (6.2% employer tax plus 6.2% employee tax). It applies to the first \$60,600 of cash wages paid in 1994. The combined Medicare tax rate is 2.9% (1.45% employer tax plus 1.45% employee tax). There is **no limit** on the amount of cash wages subject to Medicare tax in 1994.

How to tell if social security and Medicare taxes are due—The \$50 Test.—Social security and Medicare taxes are due if you pay an employee cash wages of \$50 or more in a calendar quarter for household work. The taxes apply to all cash wages paid in the quarter regardless of when earned. It does not matter whether payments are based on the hour, day, week, month, year, or piecework. The \$50 test applies separately to each household employee.

What are wages subject to social security and Medicare taxes?—Social security and Medicare taxes apply only to cash wages paid to household employees who meet the \$50 test. Checks, money orders, etc., are the same as cash. The value of food, lodging, clothing, bus tokens, and other noncash items given to household employees are not subject to social security and Medicare taxes. Cash given instead of these items is considered wages.

When you report cash wages (including checks, money orders, etc.) on your quarterly return, show the full amount before tax was deducted.

Exceptions.—Social security and Medicare taxes do not apply to wages for work in your home by your spouse, or by your son or daughter under age 21. Also, these taxes do not apply to wages for domestic work in your home by your mother or father unless **both** of the following apply:

- You have in your home a son, daughter, stepson, or stepdaughter who is under age 18 or has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in the quarter, **and**
- You are divorced, a widow or widower, or have a spouse in your home who, because of a physical or mental condition, cannot care for your son, daughter, stepson, or stepdaughter for at least 4 continuous weeks in the quarter.

You are not required to pay social security and Medicare taxes on workers who are not your employees, such as carpenters, painters, or plumbers working for you as independent contractors. If you are not sure whether the taxes apply to a worker, you should see **Circular E**, Employer's Tax Guide. Employers with workers on a farm operated for profit should see **Circular A**, Agricultural Employer's Tax Guide.

If you pay amounts not subject to social security and Medicare taxes, do not include those amounts on lines 1 or 3 of Form 942.

When must I deduct employee social security and Medicare taxes?—Deduct 6.2% and 1.45% from each cash wage payment you make to the employee if you expect the employee to meet the \$50 test. Even if you are not sure the \$50 test will be met when you pay the wages, you may still deduct the taxes. Stop deducting the 6.2% social security taxes when cash wages for 1994 reach \$60,600. Deduct the 1.45% Medicare taxes on all cash wages for 1994. The employee social security and Medicare tax table is on page 4.

If you do not deduct employee social security and Medicare taxes or deduct too little, correct the mistake by deducting the tax from a later payment to that employee. If you deduct tax when none is due, or if you deduct too much, repay the employee.

If you prefer, you may pay the employee's share of social security and Medicare taxes yourself rather than deduct it from his or her wages. However, any employee social security and Medicare taxes you pay for the employee is additional income to the employee. You must include this amount in the total wages, tips, and other compensation reported in box 1 of the employee's **Form W-2**, Wage and Tax Statement. But do not count it as cash wages for social security and Medicare tax purposes, and do not include it in boxes 3 and 5 on Form W-2.

What wages are subject to income tax withholding?—Wages subject to income tax withholding include salaries, bonuses, vacation allowances, meals (unless provided at your home for your convenience), lodging (unless provided at your home at your convenience and as a condition of employment), clothing, and other noncash items. Measure wages you pay in any form other than cash by the value of the goods,

lodging, meals, etc. However, do not count as wages \$60 a month for qualified transportation expenses and \$155 a month for qualified parking expenses.

Must I withhold Federal income tax?—You do not have to withhold Federal income tax from your employee's wages unless the employee asks you to withhold and you agree. An employee who wants you to withhold Federal income tax must give you a completed **Form W-4**, Employee's Withholding Allowance Certificate. If you agree to withhold, you must deduct an amount from each payment based on the Form W-4. Show the total amount withheld for the quarter on line 5 of Form 942. See Circular E for Federal income tax withholding tables.

Any income tax withholding you pay for the employee rather than deduct it from the employee's wages is additional income. You must include the amount you pay in total wages, tips, and other compensation in box 1 of the employee's Form W-2. Also count it as wages, tips, etc., for social security and Medicare purposes. See **Completing Form W-2** under **Special Rules** on page 3.

Earned income credit (EIC).—The EIC is a refundable tax credit for certain workers. For 1994, the EIC can be as much as \$2,038 if the employee has one qualifying child, \$2,528 if the employee has more than one qualifying child, and \$306 if the employee does not have a qualifying child.

How do my employees get advance EIC payments?—Eligible employees with a qualifying child can either get the EIC when they file their 1994 tax return or request regular payments with their paychecks during the year. To be eligible, the employee must earn less than \$23,755. For 1994, the advance EIC can be as much as \$1,223. Eligible employees who want to get advance payments must give you a completed **Form W-5**, Earned Income Credit Advance Payment Certificate. You must include advance EIC payments with wages paid to these employees. The tables in Circular E show you how to figure the amount to add to the employee's net pay.

The advance EIC payments are not wages and are not subject to any taxes. They do not change your usual withholding, nor do you pay for the payments. Generally, you make the payments from employee and employer social security and Medicare taxes, and any withheld income tax. You show the total advance EIC payments you made for the quarter on line 7 of Form 942 and subtract this amount from your total taxes. See Circular E for more information.

Employee's social security number.—When you hire a household employee, record the name and social security number exactly as they appear on the employee's social security card. An employee who does not have a social security number must apply for one on **Form SS-5**, Application for a Social Security Card. An employee who has lost his or her social security card or whose name is not correctly shown on the card should apply for a new card. Employees may get Form SS-5 from the Social Security Administration (SSA) or by calling 1-800-TAX-FORM (1-800-829-3676).

When To File

You must file Form 942 beginning with the first quarter in which you pay wages subject to social Federal and Medicare taxes, or withhold Federal income tax at your employee's request.

Due Dates for Returns

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

If the due date for filing a return falls on a Saturday, Sunday, or a legal holiday, file the return on the next business day.

If you receive Form 942 for a quarter when you did not pay any taxable wages, write NONE on line 8, and sign and return Form 942 to the IRS.

Keeping records.—Keep your copies of Forms 942, W-2, and W-3 for at least 4 years after the due date of the return or the tax is paid, whichever is later. Also keep a record of each employee's social security number and name, dates and amounts of cash and noncash wage payments, employee social security tax, employee Medicare tax, and any income tax withheld.

Penalties.—You may be charged a penalty for filing a return late or paying tax late unless you show good reason for the delay. If you cannot avoid filing a return late or paying the

Where To File

Mail your return to the **Internal Revenue Service** at the address listed below for your legal residence.

Florida, Georgia, South Carolina

Return without payment:
Atlanta, GA 39901-0016

Return with payment:
P.O. Box 105799
Atlanta, GA 30348-5799

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

Return without payment:
Holtzville, NY 00501-0016

Return with payment:
P.O. Box 982
Newark, NJ 07101-0982

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

Return without payment:
Andover, MA 05501-0016

Return with payment:
P.O. Box 371382
Pittsburgh, PA 15250-7382

Illinois, Iowa, Minnesota, Missouri, Wisconsin

Return without payment:
Kansas City, MO 64999-0016

Return with payment:
P.O. Box 970008
St. Louis, MO 63197-0008

Delaware, District of Columbia, Maryland, Pennsylvania, Virginia

Return without payment:
Philadelphia, PA 19255-0016

Return with payment:
P.O. Box 1827
Newark, NJ 07101-1827

Indiana, Kentucky, Michigan, Ohio, West Virginia

Return without payment:
Cincinnati, OH 45999-0016

Return with payment:
P.O. Box 6824
Chicago, IL 60680-6824

Kansas, New Mexico, Oklahoma, Texas

Return without payment:
Austin, TX 73301-0016

Return with payment:
P.O. Box 630029
Dallas, TX 75263-0029

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 84201-0016

Return with payment:
P.O. Box 7065
San Francisco, CA 94120-7065

California (all other counties), Hawaii

All returns:
Fresno, CA 93888-0007

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

All returns:
Memphis, TN 37501-0007

If you have no legal residence in any state

All returns:
Philadelphia, PA 19255-0016

tax late, attach an explanation to your return. You may also be charged a penalty for not giving Forms W-2 to your employees, not filing Form W-2 with the Social Security Administration, not showing your employee's social security number on Form W-2, or not providing correct information on the form.

Specific Instructions

Name, address, employer identification number (EIN), and calendar quarter.—

Complete this section if the correct information is not already preprinted on your return. If the information already preprinted is incorrect or incomplete, cross out the errors, print the correct information, and add any missing information. Be sure to check the box below the name and address section if you changed your address.

Date quarter ended.—Enter the date of the last day of the month of the calendar quarter for which the return is being filed. (For example, enter March 31, 1994, for the calendar quarter that includes January, February, and March).

Employer identification number (EIN).—An EIN is a nine-digit number issued by the IRS. The digits are arranged as follows: 00-0000000. If you already have an EIN, use that number on Form 942. If you do not have an EIN, write NONE in the space for the number. The IRS will assign you a number and send you Form 942 each quarter. If you applied for an EIN but have not received it, write "Applied for" in the space for the EIN. DO NOT enter your social security number as an EIN.

Note: *You are not required to file Form SS-4, Application for Employer Identification Number, to get an EIN if your only employees are household employees (domestic workers) in your private home.*

Final return.—If you do not expect to pay taxable wages in the future, check the box above line 1. You must still give a Form W-2 to each employee to whom you paid wages during the year and file copies with the SSA. You may file Copy A with the SSA anytime before the February 28, 1995, filing date.

Line 1.—Show the total cash wages you paid in the quarter to all your employees who met the \$50 test. Do **not** include:

- Wages for employees not subject to social security taxes.
- Wages for an employee to whom you have already paid cash wages of \$60,600 in 1994.

Line 2.—Multiply the wages on line 1 by 12.4% (.124) and enter the result.

Line 3.—Show the total cash wages you paid in the quarter to all your employees who met the \$50 test. Do not include wages for employees not subject to Medicare taxes.

The amount on line 3 should be the same as the amount entered on line 1 if you have not paid any employee more than \$60,600 during the year.

Line 4.—Multiply the amount on line 3 by 2.9% (.029) and enter the result.

Line 5.—Show the total Federal income tax withheld, if any, in the quarter.

Line 6.—Add lines 2, 4, and 5 and enter the total.

Line 7.—Show the total advance EIC payments, if any, you made to employees in the quarter. See **How do my employees get advance EIC payments?** on page 2.

Line 8.—Subtract line 7 from line 6 and enter the result on line 8.

If no tax is due, enter "NONE" on line 8, sign and date the return, and mail it to the IRS by the last day of the month following the end of the quarter. See **When To File** and **Where To File** on page 2.

If you owe tax, make your check or money order for the amount on line 8 payable to "Internal Revenue Service." Write your EIN, the period to which the payment applies (for example, "1st Quarter 1994"), and "Form 942" on the check or money order. Sign and date Form 942 and mail it with your payment to the address indicated in **Where To File** on page 2. To avoid loss, DO NOT send cash. You may also pay in person at any IRS office.

Note: **DO NOT** use *Federal Tax Deposit (FTD) Coupons to pay taxes for Form 942.*

Special Rules

Federal unemployment (FUTA) tax.—If you paid cash wages of \$1,000 or more for household help in any calendar quarter in 1993 or 1994, your household employees in 1994 are covered under FUTA. You must file **Form 940** or **Form 940-EZ**, Employer's Annual Federal Unemployment (FUTA) Tax Return, by January 31, 1995.

Form 940-EZ is the simplified version of Form 940. Employers can usually use Form 940-EZ if **all** the following apply:

- You pay all unemployment contributions to only one state.
- You pay the taxes by the due date.
- You do not have taxable FUTA wages that **are exempt** from state unemployment tax.
- You did not pay wages in the U.S. Virgin Islands.

Get Form 940 or Form 940-EZ for more information. For filled-in examples of Form 940 or Form 940-EZ for household employers, get **Pub. 926**, Employment Taxes for Household Employers.

Form W-2.—You must file a Form W-2 with the SSA for each employee to whom you paid cash wages of \$50 or more in a calendar quarter (\$50 test) during the year. Also file Form W-2 with the SSA for any employee who did not meet the \$50 test, but requested income tax withholding or received advance EIC payments.

You must give the appropriate copies of Form W-2 to each employee by January 31, 1995. If the employee stops working for you before the end of 1994, give the employee Form W-2 at any time after employment ends, but not later than January 31, 1995. If the employee asks you for Form W-2, give it to him or her within 30 days after the request or the last wage payment, whichever is later.

By February 28, 1995, send Copy A of all Forms W-2 with **Form W-3**, Transmittal of Wage and Tax Statements, to the Social Security Administration. Form W-3 is not needed if you are filing only one Form W-2.

DO NOT send Forms W-2 and, if any, Form W-3 to the IRS. Send the forms to the following address:

Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769

Forms W-2 and W-3 will be mailed to you in the fourth quarter of 1994. If you file a final Form 942 before the end of the year, you can get Forms W-2 and W-3 by calling 1-800-TAX-FORM (1-800-829-3676). If you are filing Form 942 for the first time for the fourth quarter, get Forms W-2 and W-3 by calling the above number.

Completing Form W-2.—See **Notice 587**, Preparing Form W-2 for Your Household Employee, for line-by-line instructions for completing Form W-2. The notice will be mailed to you in the fourth quarter of 1994. If you need to prepare Form W-2 before then, get Instructions for Form W-2 and Form W-3 from the IRS. For completed examples of Form W-2 for household employees, also get Pub. 926.

Earned income credit notification.—You must tell any employees who worked for you at any time during the year and had no income tax withheld that they may be able to get a tax refund because of the EIC (see **Earned Income Credit (EIC)** on page 2). You must give the employees one of the following:

- The IRS Form W-2, which has a statement about the EIC on the back of Copy C;
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy C of the IRS Form W-2;
- **Notice 797**, Possible Federal Tax Refund Due to the Earned Income Credit (EIC); or
- Your own written statement with the same wording as Notice 797.

Generally, you must give your employees direct notice about the EIC by February 7, 1995. For specific instructions about the notification requirements, see Circular E and **Pub. 1325**, Employers—Required Notice To Certain Employees of a Possible Federal Tax Refund Due to the Earned Income Credit (EIC). Pub. 1325 and Notice 797 will be mailed to you in the fourth quarter of 1994. You can also get them by calling 1-800-TAX-FORM (1-800-829-3676).

Correcting mistakes on Form 942.—If you file Form 942 and then find you paid too much social security or Medicare tax, you may subtract the difference on your next quarterly return. If you did not pay enough social security or Medicare tax and have not received a bill for the additional amount, add the difference to your next quarterly return. In either case, attach an explanation to the return on which you make the correction.

Rounding off to whole dollars.—You may round off cash wages paid to the nearest whole dollar to determine the \$50 test, figure employee tax deductions, and report wages on your return. For example, if you paid from \$104.50 to \$105.49, you may report \$105 as the taxable wage. If you choose the rounding method, use it consistently for all wage payments to household employees in that quarter.

1994 EMPLOYEE SOCIAL SECURITY (6.2%) AND MEDICARE (1.45%) TAX DEDUCTION TABLE
 (See Circular E for income tax withholding tables.)

Note: Use this table to figure the amount of employee social security and Medicare tax to deduct from each wage payment. For example, on a wage payment of \$180, the employee social security tax is \$11.16 (\$6.20 tax on \$100, plus \$4.96 on \$80 wages). The employee Medicare tax is \$2.61 (\$1.45 tax on \$100, plus \$1.16 on \$80 wages).

If wage payment is:	The social security tax to be deducted is:	The Medicare tax to be deducted is:	If wage payment is:	The social security tax to be deducted is:	The Medicare tax to be deducted is:	If wage payment is:	The social security tax to be deducted is:	The Medicare tax to be deducted is:
\$ 1.00	.06	.01	\$36.00	\$2.23	\$.52	\$71.00	\$4.40	\$1.03
2.00	.12	.03	37.00	2.29	.54	72.00	4.46	1.04
3.00	.19	.04	38.00	2.36	.55	73.00	4.53	1.06
4.00	.25	.06	39.00	2.42	.57	74.00	4.59	1.07
5.00	.31	.07	40.00	2.48	.58	75.00	4.65	1.09
6.00	.37	.09	41.00	2.54	.59	76.00	4.71	1.10
7.00	.43	.10	42.00	2.60	.61	77.00	4.77	1.12
8.00	.50	.12	43.00	2.67	.62	78.00	4.84	1.13
9.00	.56	.13	44.00	2.73	.64	79.00	4.90	1.15
10.00	.62	.15	45.00	2.79	.65	80.00	4.96	1.16
11.00	.68	.16	46.00	2.85	.67	81.00	5.02	1.17
12.00	.74	.17	47.00	2.91	.68	82.00	5.08	1.19
13.00	.81	.19	48.00	2.98	.70	83.00	5.15	1.20
14.00	.87	.20	49.00	3.04	.71	84.00	5.21	1.22
15.00	.93	.22	50.00	3.10	.73	85.00	5.27	1.23
16.00	.99	.23	51.00	3.16	.74	86.00	5.33	1.25
17.00	1.05	.25	52.00	3.22	.75	87.00	5.39	1.26
18.00	1.12	.26	53.00	3.29	.77	88.00	5.46	1.28
19.00	1.18	.28	54.00	3.35	.78	89.00	5.52	1.29
20.00	1.24	.29	55.00	3.41	.80	90.00	5.58	1.31
21.00	1.30	.30	56.00	3.47	.81	91.00	5.64	1.32
22.00	1.36	.32	57.00	3.53	.83	92.00	5.70	1.33
23.00	1.43	.33	58.00	3.60	.84	93.00	5.77	1.35
24.00	1.49	.35	59.00	3.66	.86	94.00	5.83	1.36
25.00	1.55	.36	60.00	3.72	.87	95.00	5.89	1.38
26.00	1.61	.38	61.00	3.78	.88	96.00	5.95	1.39
27.00	1.67	.39	62.00	3.84	.90	97.00	6.01	1.41
28.00	1.74	.41	63.00	3.91	.91	98.00	6.08	1.42
29.00	1.80	.42	64.00	3.97	.93	99.00	6.14	1.44
30.00	1.86	.44	65.00	4.03	.94	100.00	6.20	1.45
31.00	1.92	.45	66.00	4.09	.96			
32.00	1.98	.46	67.00	4.15	.97			
33.00	2.05	.48	68.00	4.22	.99			
34.00	2.11	.49	69.00	4.28	1.00			
35.00	2.17	.51	70.00	4.34	1.02			

Additional Information

You can get the following forms and publications that were mentioned in these instructions by calling 1-800-TAX-FORM (1-800-829-3676).

- Pub. 15**, Circular E, Employer's Tax Guide
- Pub. 51**, Circular A, Agricultural Employer's Tax Guide
- Pub. 926**, Employment Taxes for Household Employers
- Form SS-5**, Application for a Social Security Card

- Form W-2**, Wage and Tax Statement
- Form W-3**, Transmittal of Wage and Tax Statements
- Form W-4**, Employee's Withholding Allowance Certificate
- Form W-5**, Earned Income Credit Advance Payment Certificate
- Notice 797**, Possible Federal Tax Refund Due to the Earned Income Credit (EIC)

- Pub. 1325**, Employers—Required Notice To Certain Employees of a Possible Federal Tax Refund Due to the Earned Income Credit (EIC)
- Form 940 and Form 940-EZ**, Employer's Annual Federal Unemployment (FUTA) Tax Return
- Form 941**, Employer's Quarterly Federal Tax Return
- Form 943**, Employer's Annual Tax Return for Agricultural Employees