

## TAC Offers Answers for Election Worker Payments

Texas Association of Counties

(Revised October 2009)

The question of whether election workers are temporary employees or independent contractors arises quite often among election officials. According to the Internal Revenue Service (IRS), election workers are considered employees and are required to receive W-2s — never a 1099-MISC. Election workers who receive less than \$600 per year for their services are generally not required to have the earnings reported to the IRS, and their wages are not subject to the Federal Insurance Contribution Act (FICA) if the amount paid is less than the established threshold limit of \$1,500 for 2009. As noted below, wages above the threshold limit of \$1,500 are subject to FICA withholding and W-2 form reporting. Wages paid for election worker services are not subject to federal income tax withholding according to IRS regulation section 31.3401(a)-(b)(2).

A quick reference guide is provided below to show the tax reporting requirements for wages paid to election workers.

<b>Current Law:</b>	The FICA tax exclusion for election workers is <b>\$1,500</b> (or less) for the calendar year beginning Jan. 1, 2009. In other words, Social Security and Medicare taxes do not apply until the election worker is paid \$1,500 or more.		
<b>Threshold Amount for Previous Years:</b>	<ul style="list-style-type: none"> <li>• \$1,300 is the threshold amount for election workers in 2007.</li> <li>• \$1,400 is the threshold amount for election workers in 2008.</li> <li>• \$1,500 is the threshold amount for election workers in 2009-10.</li> </ul>		
<b>Wages Subject to W-2 or FICA:</b>	<b>Wages</b>	<b>W-2</b>	<b>FICA</b>
	<b>\$1 - 599</b>	Not Required	Not Required
	<b>\$600 – 1,499</b>	Required	Not Required
	<b>\$1,500 or more</b>	Required	Required
<b>Scenarios/Actions:</b>	<p>1). <b>S:</b> An election worker is paid \$599 in 2009. <b>A:</b> No FICA or federal income tax withholding is required and no W-2 form is required.</p> <p>2). <b>S:</b> An election worker is paid \$1,499 in 2009. <b>A:</b> No FICA or federal income tax withholding is required, but a W-2 form will be issued to reflect \$1,499.</p> <p>3). <b>S:</b> An election worker is paid \$1,500 in 2009. <b>A:</b> FICA withholding is required, but no federal income tax is withheld. The election worker will be issued a W-2 to reflect \$1,500 and the appropriate FICA tax withholding.</p>		

Additionally, the full tax of 7.65 percent of the gross amount earned must be paid by the employee and the employer if the employee earns \$1,500 or more. The Secretary of State's Office has previously suggested that if there is any doubt that the worker will meet the \$1,500 limit, counties should not take an upfront deduction on the social security. This will prevent counties from paying FICA deductions unnecessarily.

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