

Requirements for Agricultural Employers Under the Major Federal Employment Tax Laws

Agricultural employers may have responsibilities to fulfill under the three major Federal employment tax laws: the Federal Insurance Contributions Act (FICA, commonly known as Social Security), Federal Unemployment Tax Act (FUTA), and Federal income tax codes. These Federal tax laws may require an agricultural employer to:

- Withhold money from employees' wages, match the amount withheld, and forward the total to the U.S. Treasury (FICA).
- Pay a specified amount based on wages paid to employees (FUTA).
- Withhold money from employees' wages and forward it to the U.S. Treasury (Federal income tax code).

Definitions

The applicability of these employment tax laws to specific situations is based on refinements to the general definitions of terms in the *Internal Revenue Code*. For purposes of this report, definitions will be limited to employees, employer of farmworkers, crew leaders, and wages.

Employees. For tax purposes, there are several types of business relationships between a person obtaining labor services and the person providing them. These are independent contractors, common-law employees, statutory employees, statutory nonemployees, and family employees. Independent contractors and common-law and family employees have particular relevance for agricultural employment. Generally, a person is an independent contractor if the person paying for the services has the right to control or direct only the result of the work and not the means and methods of accomplishing the results (22). A *common-law employee* is anyone who performs services for someone if the person paying for the services can control what will be done and how it will be done, even if the employee is given freedom of action (22). Family employees are children, parents, and spouses.

An employer must generally withhold income taxes, withhold and pay Social Security and Medicare taxes, pay unemployment taxes on wages paid, and file

employment tax returns for each employee, but not generally withhold them on wages paid to an independent contractor. Therefore, it is important to distinguish between independent contractors and employees. The Internal Revenue Service determines a worker's status according to the degree of control and independence. The facts that provide the evidence of the degree of control and independence have been divided into three categories: behavioral, financial, and the type of relationship of the parties (see app. B).

Employer of farmworkers. If a farm employer has employees performing several tasks, it is also important to distinguish between those that are farmworkers and others. According to the Internal Revenue Service, in general, a person is an employer of farmworkers if the employees:

- Raise or harvest agricultural or horticultural products on a farm.
- Work in connection with the operation, management, conservation, improvement, or maintenance of the employer's farm and its tools and equipment.
- Handle, process, or package any agricultural or horticultural commodity if the employer produced over half of the commodity (for a group of more than 20 operators, all of the commodity).
- Do work related to cotton ginning, turpentine, or gum resin products.
- Do housework in the employer's private home if it is on a farm operated for profit (22).¹⁶

Farmwork does not include reselling activities that do not involve any substantial activity of raising agricultural or horticultural commodities. This would include employment in retail stores or greenhouses used primarily for display or storage.

The term *farm* includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms. It also includes plantations, ranches, nurseries, ranges, greenhouses, or other structures used primarily for the raising of

¹⁶For more detailed information see appendix C, Circular A, *Agricultural Employer's Tax Guide*, or contact the local office of the Internal Revenue Service.

agricultural or horticultural commodities, and orchards.

Crew leaders are also employers of farmworkers. A crew leader is a person who furnishes and pays (either on his or her own behalf or on behalf of the farm operator) workers to do farmwork for the farm operator (22). Such a person is not a crew leader if there is a written agreement between a person providing farmworkers and the farm operator stating that the person is an employee of the farm operator, and if that person pays the workers (either for him/herself or for the farm operator).

Cash wages include checks, money orders, and other media of exchange, but not the value of food, lodging, and other noncash items (22). Cash wages paid to employees are subject to Social Security and Medicare taxes (see table 11 and following discussion), and therefore, to income tax withholding. Commodity

wages are not cash and are not subject to withholding if the employee can show proof of ownership of the commodities.

Table 11 summarizes the responsibilities of agricultural employers under each major Federal tax law. Readers seeking more detailed information should contact the nearest office of the Internal Revenue Service and/or Social Security Office, and should read *Employer's Tax Guide* (21), *Employer's Supplemental Tax Guide* (22), and *Agricultural Employer's Tax Guide* (23).

Federal Insurance Contributions Act of 1935

The Federal Insurance Contributions Act (FICA), commonly known as Social Security, was enacted in 1935 to provide older Americans with a variety of social welfare benefits. Since then, related laws have been passed. One of the most visible related laws

Table 11--Federal tax laws: Summary of applicability to agricultural employers

Provisions	Exemptions for agriculture	Basis for agricultural exemptions	Enforcement
<i>Federal Insurance Contributions Act of 1935 (FICA)</i>			
Employers whose workers are covered must withhold FICA and Medicare taxes from employees' earnings, maintain earnings records, file reports of earnings annually, match the taxes withheld from employees, and pay both the employee's and employer's FICA and Medicare taxes at the proper time.	Partial	Less than \$150 in cash wages paid to an employee in a calendar year or if employer pays less than \$2,500 per year to all employees for agricultural labor.	<i>Responsible agencies</i> Social Security Administration, U.S. Department of Health and Human Services.
<i>Federal Unemployment Tax Act (FUTA)</i>			
Employer pays State and Federal unemployment taxes but receives a tax credit against Federal tax for State unemployment tax if the State law has been approved by the U.S. Department of Labor.	Partial	1. Paid cash wages of less than \$20,000 for agricultural labor during any calendar quarter of the current or preceding calendar year. 2. Did not employ at least 10 workers for some portion of a day in each of 20 different weeks during the current or preceding calendar year.	State unemployment insurance agency. Internal Revenue Service, U.S. Department of the Treasury.
<i>Federal income tax</i>			
Unless otherwise provided in the Internal Revenue Code, every employer paying wages must withhold a tax on those wages in accordance with Federal income tables or computational procedures prescribed by the U.S. Department of the Treasury.	Partial	Employee must be performing agricultural labor as defined in the Internal Revenue Code (see definition, appendix B), and be exempt from FICA.	Internal Revenue Service, U.S. Department of the Treasury.

Source: Compiled by USDA, ERS from U.S. Department of Treasury, Internal Revenue Service's Circular E, Pub. 15, 1998; *Employer's Tax Guide*, *Employer's Supplemental Tax Guide*, Pub. 15-A, 1998; and *Agricultural Employer's Tax Guide*, Circular A, Pub. 51, 1998.

passed was Medicare, which was enacted in 1965 under Title XVIII of the Social Security Act to help older persons obtain and pay for medical care. Taken together, these laws provide an array of social benefits to many age groups and depend on a number of funding sources. U.S. general revenues and Federal insurance premiums fund hospital and medical insurance. Direct payroll taxes collected from employees, employers, and the self-employed who work in businesses and institutions covered by Social Security provide the funds for retirement, survivor's benefits, and disability payments (14).

Agricultural Labor Under FICA

Generally, an employer must withhold Social Security and Medicare taxes on all cash wages paid to employees. This includes most types of agricultural labor (including the employer's parents, children 18 years of age and older, and spouses) if their wages for farmwork meet either of two tests (the \$150 and \$2,500 tests). An employer who pays an employee \$150 or more in cash wages during the year for farmwork (including all cash wages paid on a time, piecework, or other basis) must withhold Social Security and Medicare taxes. The \$150 test applies separately to each farmworker employed. If a family of workers is employed, each member must be treated separately. An employer who pays wages totaling \$2,500 or more during the year to all his or her employees (\$2,500 test) must withhold Social Security and Medicare taxes.

There are exceptions to the \$150 and \$2,500 tests. First, wages paid to a farmworker who receives less than \$150 in annual cash wages are not subject to Social Security and Medicare taxes, or income tax withholding, even if an employer pays \$2,500 or more in that year to all farmworkers, if the farmworker:

- Worked as a hand-harvest laborer,
- Was paid on a piece-rate basis in an operation that usually pays on this basis in the area of employment,
- Commuted daily from his or her home to the farm, and
- Worked in agriculture less than 13 weeks in the preceding calendar year (22).

Amounts paid to these workers count toward the \$2,500 test to determine whether the wages paid to

other employees are subject to Social Security and Medicare taxes.

A second exemption to the tests is that cash wages paid to a household employee are counted in the \$2,500 test but are not subject to Social Security and Medicare taxes, unless the worker was paid \$1,100 or more in cash wages during the year.¹⁷

Sometimes problems arise over the relationship between workers provided by farm crew leaders and the farm operator. FICA, however, clearly defines the status of the farm crew workers to be employees of the crew leader for Social Security purposes unless a written agreement states that the crew leader is the farm operator's employee. If there is no written agreement and if the crew leader does not pay the workers, the common-law test (defined earlier in this section) is applied to determine the identity of the employer and the status of the crew leader.

FICA does not cover H-2A foreign agricultural workers. Employers of these workers are not required to withhold FICA taxes from their earnings.

Responsibilities of Agricultural Employers

Agricultural employers whose workers are covered by Social Security are required to withhold FICA and Medicare taxes (and Federal income taxes) from employees' earnings, maintain earnings records, annually file reports of earnings, match the FICA and Medicare taxes withheld from employees, and pay both the employees' and employer's FICA and Medicare taxes at the proper time (table 12). Employers must separately report the withholdings for Social Security and Medicare.

One of the first responsibilities of employers who think their employees will meet the test for social security is to ensure that each employee has a Social Security number (SSN), and to correctly record it. The Social Security Administration recommends that employers require a prospective employee without an SSN to get a written notice (on official letterhead) from the local Social Security Administration office stating the employee has applied for an SSN. Once the employee presents the notice of application, he or she can be placed on the payroll.

¹⁷For more details, contact the local Social Security Administration office, U.S. Department of Health and Human Services.

Table 12--Summary of deposit rules for Social Security and Medicare taxes and withheld income tax

Deposit rule	Deposit requirement/due date
1. If at the end of the quarter your undeposited taxes for the quarter are less than \$500...	1. No deposit is required. You may pay the taxes to IRS with Form 941 (or 941E), or you may deposit them by the due date of the return.
2. If at the end of any month your total undeposited taxes are less than \$500....	2. No deposit is required. You may carry the taxes over to the following month within the quarter.
3. If at the end of any month your total undeposited taxes are more than \$500 but less than \$3,000...	3. Deposit is due within 15 days after the end of the month. (No deposit is required if you were required to make a deposit for an eighth-monthly period during the month under rule 4. However, if you were required to make a deposit under rule 4 in the last month of the quarter, deposit any balance due of less than \$3,000 by the due date of the return.)
4. If at the end of any eighth-monthly period (the 3rd, 7th, 11th, 15th, 19th, 22nd, 25th, and last day of each month) your total undeposited taxes are \$3,000 or more but less than \$100,000...	4. Deposit is due within 3 banking days after the eighth-monthly period.
5. If at the end of any day during the eighth-monthly period your undeposited taxes are \$100,000 or more...	5. Deposit is due at the end of the next banking day (as prescribed since July 31, 1990).

Source: U.S. Department of Treasury, Internal Revenue Service's, *Employer's Tax Guide*, Circular E, Pub. 15, 1998.

Employers who are required to report Social Security taxes must have an employer identification number (EIN), which can be obtained from the local Internal Revenue Service or Social Security Administration office by completing Form SS-4. The EIN must appear on forms submitted to both the Internal Revenue Service and Social Security Administration. If the employer has not received an EIN by the deadline for filing forms or making payments, he or she should enter the words "applied for" and the date of application in the space designated for the EIN. The employer should deduct the social security tax when wages are paid.

If the employer is not sure that an employee will meet the "\$150 cash-pay-test" or that all employees collectively will meet the "\$2,500-or-more per year test," the employer may either deduct the tax when the payment is made or wait until the test is met. In 1999, the amount of FICA and Medicare deducted from each employee's earnings was 7.65 percent (6.2 percent for FICA and 1.45 percent for Medicare) of the first \$72,600 of wages for FICA and all wages for Medicare (20). Employers must separately report FICA and Medicare withholding. Employers are taxed for FICA and Medicare at the same rate as employees (20). Employers, as a rule, are required to deposit all Social Security and Medicare and employee Federal income tax withholdings with an authorized financial

institution or a Federal Reserve Bank at scheduled intervals (table 12).

Employers who are required to withhold income taxes from wages and are liable for FICA taxes must annually file earnings reports with the Social Security Administration. The employer uses copy A of the W-2 form, which contains the FICA earnings information needed by the Social Security Administration and the Internal Revenue Service. Employers are required to file an "Employer's Quarterly Federal Tax Return" each quarter for nonagricultural employees and an "Employer's Annual Tax Return for Agricultural Employees" when they report their agricultural employees' social security taxes. Employers must also provide employees with copies of the W-2 form by January 31 following the calendar year in which wages were earned.

An employee who stops working before the year's end and does not expect to return to work that year may request a statement of earnings before January of the next year. If such statement is made, the employer must furnish the statement by whichever is latest: (1) 30 days after the request date, or (2) 30 days after the last wages were paid. In the event of a worker's death, the employer must send the statement to the next of kin within 30 days after the worker's death (14).

Employers must keep records for at least 4 years after the date the tax is due or is paid (whichever is later) showing:

- Names, addresses, and occupations of employees receiving wages,
- Employees' periods of employment,
- Employees' social security numbers,
- Total amount and date of each wage payment,
- Amount of each wage payment subject to social security and Medicare, and the amount withheld (14).

Employers must also keep duplicate copies of the quarterly and annual returns on which employees' wages are reported for social security purposes for 4 years. Finally, farm operators who use the services of a crew leader must keep a record showing the name, home address, and employer identification number of the crew leader (14).

An employer whose employees qualify for social security and Medicare taxes has many requirements to fulfill, including withholding and paying Federal income tax for employees. Employers need to understand the requirements and how to most efficiently and effectively meet them.

Federal Unemployment Tax Act of 1935

The Federal Unemployment Tax Act (FUTA) was enacted in 1935 in conjunction with the unemployment insurance (UI) provisions of the Social Security Act. The major objective of UI is to provide unemployed workers with partial income in a temporary period of involuntary unemployment. UI is a State-administered program, but State laws must be in conformity and compliance with Federal laws. Each State establishes the tax structure, requirements for qualifying, levels of benefit, and provisions for disqualification (14) that must conform to Federal law requirements.

Employer taxes are the major source of financing for the unemployment compensation program. The employer is taxed for Federal unemployment insurance at a rate of 6.2 percent on the first \$7,000 in wages paid to each employee. The employer may also have to pay State UI if determined under State rules.

Employers may claim credit for paying State unemployment taxes (if the U.S. Department of Labor has approved the State's law) against Federal taxes. The credit allowable is up to 5.4 percent of the first \$7,000 in wages paid to each employee. Thus, an employer's Federal unemployment tax liability can be reduced to as little as 0.8 percent of the first \$7,000 paid to each employee if the State plan fulfills the Federal requirements. The tax dollars sent to the Federal Government are used to finance State and Federal administrative costs, to pay the Federal 50-percent share of extended benefits, and to maintain a loan fund for States that exhaust their benefit funds.

Two key terms, for FUTA purposes, are employer and wages. An *employer*, under most State laws, "includes all persons employing at least one worker (who is not a farmworker or household worker) for at least some of a day in any 20 or more different weeks, or having a minimum quarterly payroll of \$1,500 or more in the current or preceding calendar year" (20). *Wages*, for Federal purposes, include all remuneration for services amounting to \$7,000 or less, cash or otherwise (including benefits), that have been paid to an employee by an employer during a calendar year. The State wage base may be different.

Agricultural Labor Under FUTA

Employers of agricultural labor are treated differently under FUTA. First, noncash remuneration for agricultural labor is exempt from the definition of wages (7). Second, employers of agricultural labor are liable for the FUTA tax on cash remuneration to qualified employees if they:

- Paid wages (cash wages only) of \$20,000 or more for agricultural labor during any calendar quarter in the current or preceding calendar year, or
- Employed at least 10 persons in agricultural labor for some portion of a day (whether or not at the same time) in each of 20 different weeks during the current or preceding calendar year with each day being in a different calendar week (7).

The FUTA tax also applies to cooperative organizations and other groups of operators if the operators produce more than one-half of the output (7).

A farmer is liable for the FUTA tax for laborers working under the direction of a crew leader unless the crew leader is registered under the Migrant and Seasonal Agricultural Worker Protection Act, or unless all workers furnished by the crew leader operate or maintain mechanized equipment provided by the crew leader (7).

Responsibilities of Agricultural Employers

A farmer employing nonagricultural labor (for example, workers who process maple sap into maple syrup) is liable for FUTA taxes under the same conditions as other nonagricultural employers. When determining FUTA tax liability for agricultural workers, a farmer's family members (spouse, parents, and children of the employer under age 21) are excluded. Also, employers of H-2A temporary foreign agricultural employees are not liable for FUTA taxes for these employees (7). However, temporary foreign workers must be counted to tell whether an employer meets either of the tests that determine FUTA liability (20 and 22).

Rules for depositing FUTA taxes vary with the amounts of these taxes, and are different from those for income, Social Security, and Medicare taxes. If the amount of taxes owed for one quarter is \$100 or less, an employer does not have to make a deposit but must add the tax owed to the amount subject to deposit for the following quarter. However, all taxes must be deposited by January 31 following the calendar year for which the taxes are owed. If the amount of the taxes owed exceeds \$100 for one quarter or for two consecutive quarters, the deposit must be made with an authorized financial institution or a Federal Reserve Bank by the last day of the month following the close of the quarter. A Federal tax deposit coupon must accompany each deposit (22).

An employer must pay the State tax on or before the last day of the Federal tax return filing due date for the calendar year to receive the full allowable Federal tax credit for State taxes paid (22). The annual Federal returns (Form 940) must be filed by January 31 following the close of the calendar year for which any tax is due (22). Form 940 may be filed as late as February 10, but for only 90 percent of any amount that would have been allowable as a tax credit had the return been paid on time (7). Agricultural employers should be aware of their responsibilities under FUTA and contact the unemployment insurance offices of their State for information on coverage.

Withholding Federal Income Taxes

All employers paying wages are required to deduct and withhold taxes on wages paid to their employees. Wages, for purposes of withholding Federal income taxes, are defined in the Internal Revenue Code as all remuneration, cash or otherwise, paid for services (7).

Exceptions for Agricultural Labor

Employers (and crew leaders) of agricultural employees subject to FICA must withhold income taxes from their employees' wages. Employers of agricultural employees who do not qualify for FICA are required to withhold income taxes if both parties enter into a voluntary agreement (7). An employee desiring such an agreement must furnish his or her employer with a completed Form W-4, a withholding exemption certificate. If the employer accepts the W-4 form, the agreement becomes effective when he or she begins withholding taxes from the employee's wages (7). The agreement will remain in effect for the period agreed upon by both parties unless terminated earlier by either party (7).

An agricultural employer is also required to withhold income tax from an employee's earnings when the employee is not performing agricultural labor (see app. C). H-2A temporary foreign workers are exempt from Federal income tax withholding (7).

Agricultural employers who withhold Federal income taxes from employees' wages must make payments during the year (together with FICA and Medicare taxes) by depositing the tax with an authorized financial institution or a Federal Reserve bank. The number of required deposits depends on the amount of taxes less any advanced earned income tax credit payments (20).¹⁸

Advanced Earned Tax Income Credit

Agricultural employers may have employees eligible for the earned income tax credit (EITC).¹⁹ Employees who are eligible for EITC may either receive it on their tax returns or in advance payments during the year (20).

¹⁸Table 12 summarizes deposit rules for FICA and Federal income taxes.

¹⁹The earned income tax credit, enacted in 1975, is a refundable tax credit available to eligible low-income workers to reduce the burden of Social Security taxes (6).

Employees who want advance payments must file the W-5 form with their employer. Other eligible employees who do not file the W-5 form will not receive advance payments but will still get the full benefit of the EITC in their annual income tax returns. Employers are required to notify employees not having income tax withheld that they may be eligible for a tax refund because of the EITC. Notification can be given by using the W-2 form (if it contains a statement on the back of copy C concerning the EITC) or Notice 797. Employers do not have to notify employees who, on the W-4 form, are claiming exemption from withholding (20).

If an employee meets the eligibility requirements for EITC shown on the W-5 form and files it with an employer (a new W-5 form must be filed by employees each year), the employer must begin making advance EITC payments to the employee. Once an employer has paid an employee wages of \$26,473 (the 1998 mean amount of agricultural

employees' wages subject to Social Security and Medicare taxes), advanced EITC payments must stop for that year (20). Employers generally will pay the amount of advanced EITC payments from withheld income, Social Security, and Medicare taxes (see (20) for more details). These advanced EITC payments do not change the amount of income, Social Security, and Medicare taxes withheld from employees' wages because the advanced EITC payment is not compensation for services rendered (20).

Summary

Employers' and farm employers' basic responsibilities under the major Federal employment tax laws are summarized in tables 13 and 14. Because the individual circumstances for each employer can vary greatly, their responsibilities can differ. Therefore, employers should study the material published by the Internal Revenue Service and seek the advice of an authority on employer taxes.

Table 13--Summary of employers' basic responsibilities under Federal tax laws

Item	Responsibilities
New employees	<ol style="list-style-type: none">1. Verify work eligibility of employees.2. Record employees' names and Social Security numbers from Social Security cards.3. Ask employees for current Form W-4.
Each payday	<ol style="list-style-type: none">1. Withhold Federal income tax based on each employee's Form W-4.2. Withhold employee's share of Social Security and Medicare taxes.3. Include advance earned income credit in paycheck if employee requested it on Form W-5.4. Make the following deposits:<ol style="list-style-type: none">a. Withheld income tax, plusb. Withheld and employer Social Security taxes, plusc. Withheld and employer Medicare taxes, lessd. Any advance earned income credit.
Quarterly (by April 30, July 31, October 31, and January 31)	<ol style="list-style-type: none">1. Deposit Federal unemployment tax in an authorized financial institution if the undeposited amount is over \$100.2. File Form 941 (pay tax with return if not required to deposit).
Annually	<ol style="list-style-type: none">1. Remind employees to submit a new Form W-4 if they need to change their withholding (by December 1).2. Ask for a new Form W-4 from employees claiming exemption from income tax withholding (by February 15).3. Reconcile Forms 941 with Forms W-2 and W-3.4. Furnish each employee a Form W-2 (by January 31).5. File copy A of Forms W-2 and the transmittal Form W-3 with the Social Security Administration (by February 28).6. Furnish each recipient a Form 1099 (for example, Forms 1099-R and Form 1099-MISC) (by January 31).7. File Forms 1099 and the transmittal Form 1096 (by February 28).8. File Form 940 or 940-EZ (by January 31 or February 10 if deposited Federal unemployment tax when due).9. File Form 945 for any nonpayroll income tax withholding (by January 31).

Source: U.S. Department of Treasury, Internal Revenue Service's *Employer's Tax Guide*, Circular E, Pub. 15, 1998.

Table 14--Summary of farm employers' basic responsibilities under Federal tax laws

Type of employment	Social Security and Medicare, and income tax withholding	Federal unemployment tax
<i>Farm employment includes:</i>		
1. Cultivating soil; raising or harvesting any agricultural or horticultural commodity; the care of livestock, poultry, bees, fur-bearing animals, or wildlife.	Taxable if \$150 or \$2,500 test is met.	Taxable if \$20,000 test or 10 workers test is met.
2. Work on farm if major farm duties are in management or maintenance, etc., of farm, tools equipment, or salvaging timber, or clearing brush and other debris left by hurricane.		
3. Work in connection with the production and harvesting of turpentine and other oleoresinous products.		
4. Cotton ginning.		
5. Operation or maintenance of ditches, reservoirs, canals, or waterways, not owned or operated for profit, used only for supplying or storing water for farming purposes.		
6. Processing, packaging, etc., any commodity in its unmanufactured state, if employed by farm operator or unincorporated group of not more than 20 farm operators who produced over half of commodity processed; or other groups of operators if they produced all of the commodity.		

Continued--

Table 14--Summary of farm employers' basic responsibilities under Federal tax laws--Continued

Type of employment	Social Security and Medicare, and income tax withholding	Federal unemployment tax
Employment not considered farmwork:		
1. Hatching poultry, off the farm.	Taxable under general employment rules (special farm rules do not apply).	Taxable under FUTA rules (special farm rules do not apply).
2. Processing maple sap into maple syrup or sugar.		
3. Handling or processing commodities after delivery to terminal market for commercial canning or freezing.		
4. Operation or maintenance of ditches, reservoirs, canals, or waterways, not meeting tests in (5) above.		
5. Processing, packaging, delivering etc., any commodity in its unmanufactured state, if group of farm operators does not meet the tests in (6) above.		
Special employment situations:		
1. Household employees on farm operated for profit.	Taxable in 1998 if paid \$1,100 or more in cash. Exempt for an individual under age 18 at any time during calendar year if not his or her principal occupation. (A student under age 18 is not considered to have household work as a principal occupation.)	Taxable if \$20,000 test or 10 or more workers test is met.
2. Services not in the course of employer's trade or business on farm operated for profit (cash payments only).	Taxable if \$150 or \$2,500 test is met, unless performed by parent-employed child.	Taxable only if \$50 or more is paid in a quarter and employee works on 24 or more different days in current or prior quarter.
3. Workers admitted under section 101(a)(15)(H)(ii)(a) of the Immigration and Nationality Act on a temporary basis to perform agricultural labor (H-2(A) workers).	Exempt	Exempt
4. Family employment	Exempt for employer's child under age 18, but counted for \$150 or \$2,500 test. Taxable for spouse of employer.	Exempt if services performed by employer's parent, or spouse, or by child under age 21.

Source: U.S. Department of Treasury, Internal Revenue Service's *Agricultural Employer's Tax Guide*, Circular A, (Revised January 1998), p. 45.