

TAC Offers Answers for Election Worker Payments

Texas Association of Counties

(Revised March 2017)

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-2's - 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 \$1,800 for 2017 - but the earnings may be subject to ordinary income*. As noted below, wages above the threshold limit of \$1,800 are subject to FICA withholding and the 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.

Current Law:	The FICA tax exclusion for election workers is \$1,800 (or less) for the calendar year beginning Jan. 1, 2017. In other words, unless those wages are subject to Social Security and Medicare taxes do not apply until the election worker is paid \$1,800 or more.		
<u>Threshold Amount for Previous Years:</u>	<ul style="list-style-type: none"> • \$1,400 is the threshold amount for election workers in 2008. • \$1,500 is the threshold amount for election workers in 2009-12. • \$1,600 is the threshold amount for election workers in 2013-15. • \$1,700 is the threshold amount for election workers in 2016. • \$1,800 is the threshold amount for election workers in 2017. 		
Wages Subject to W-2 or FICA:	Wages	W-2	FICA
	\$1 – 599	Not Required	Not Required
	\$600 – 1,799	Required	Not Required
	\$1,800 or more	Required	Required
Scenarios/Actions:	<p>1). S: An election worker is paid \$599 in 2017. A: No FICA, federal income tax withholding is required and no W-2 form is required.</p> <p>2). S: An election worker is paid \$1,799 in 2017. A: No FICA, federal income tax withholding is required, but a W-2 form will be issued to reflect \$1,799.</p> <p>3). S: An election worker is paid \$1,800 in 2017. A: FICA withholding is required, but no federal income tax is withheld. The election worker will be issued a W-2 to reflect \$1,800 and the appropriate FICA tax withholding.</p>		
Common Question Asked:	<p>Q: Are election workers eligible for overtime? Yes, if a county employee is working an election, then hours worked for the county and hours worked as an election worker are combined. If the rate of pay is different for both positions, then the hours and rate of pay need to be weighted to determine the average rate of pay which is then multiplied 1.5 for the overtime rate of pay</p>		

*For further information on whether earnings should be treated as ordinary income, please consult a tax adviser.

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 \$1,800 or more. It has been previously suggested by the Secretary of State's office that if there is any doubt the worker will meet the \$1,800 limit, counties should not take an upfront deduction on the social security. This will prevent counties from paying FICA deductions unnecessarily.

For more information contact Paul Emerson, State Financial Analyst, at (800) 456-5974 or Paule@county.org.