Hot Topic: 2002 IRS, Social Security and Medicare Tax Changes for Election Officials and Workers

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One of the tax law changes in 2002 pertaining to the Social Security Administration deals with the taxable threshold for wages paid to election officials and workers. According to Section 218(c)(8) of the Social Security Act, the established threshold for remuneration to these workers is $1,200 for tax year 2002 and remains the same for 2003. No FICA (neither Social Security nor Medicare) withholding is applicable if wages paid to election officials/workers are less than $1,200 for the year unless they are covered under a 218 Agreement.

In a December 2002 memorandum, Mary E. Smith, Director of the Old Age and Survivors Insurance Agency for the state of Tennessee, addressed the taxation issue for election officials and workers. In the memo, Ms. Smith states that most Tennessee cities have excluded from Social Security and Medicare withholding the services of election officials/workers who are paid less than the mandatory federal law threshold amount under the state’s 218 Agreement. For more information regarding 218 Agreements, contact Ms. Smith in Nashville at (615) 741-7902.

In addition, IRS regulation 31.3401 (a)-(b)(2) of the Employment Tax Regulations states that wages paid to election workers for their services at election booths are “in the nature of fees paid to public officials” and are not subject to federal income tax withholding. However Section 6401(a), the section of the Internal Revenue Code listing applicable reporting standards, requires an employer to report a worker’s wages of $600 or more in a calendar year on form W-2. Special rules apply if the election official/worker is a regular employee of the municipality. For more information on the tax treatment of regular employees who also perform services as election workers, see Revenue Ruling 2000-6.
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You may request free printed materials from the Social Security Administration by calling (800) 772-1213. Up-to-date wage reporting information is available on the Internet at www.ssa.gov.

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