

**FORM 940—EMPLOYER'S ANNUAL FEDERAL UNEMPLOYMENT TAX RETURN**

**U.S. Treasury Department — Internal Revenue Service**

|  |                              |   |
|--|------------------------------|---|
| Employer's name and address (If not correctly printed please change) | Employer Identification No.  | (District Director's Use)               |
|  | Calendar Year<br><b>1961</b> | If no longer in business write "Final." |

1. Total taxable wages paid during calendar year (From Schedule B, on other side) -----
2. Gross Federal tax (3.1% of wages in Item 1) -----
3. Less: Credit from Item 18 of Schedule A -----
4. Remainder of tax (Item 2 minus Item 3). Pay to "INTERNAL REVENUE SERVICE" ----->

I declare under penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return, and that no part of any payment made to a State unemployment fund which is claimed as a credit in Item 3 above was or is to be deducted from the remuneration of employees.

-----  
(Signature)

-----  
Title (Owner, president, partner, member, etc.)

-----  
(Date)

**BE SURE TO ENCLOSE REMITTANCE WITH THIS RETURN**

**U.S. TREASURY DEPARTMENT**  
District Director of Internal Revenue  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
INTERNAL REVENUE SERVICE

|  |                              |  |
|--|------------------------------|--|
| Employer's name and address (If not correctly printed please change) | Employer Identification No.  |  |
|  | Calendar Year<br><b>1961</b> | <b>POSTMASTER:</b><br>If undeliverable treat in accordance with Part 355.56 of the Postal Manual |

**Schedule A — COMPUTATION OF CREDIT AGAINST FEDERAL UNEMPLOYMENT TAX**

| Name of State<br>(5) | State reporting number as shown on employer's State contribution returns<br>(6) | Taxable Payroll (As defined in State act)<br>(7) | Experience rate period (8) |     | Experience rate<br>(9) | Contributions had rate been 2.7% (col. 7 × 2.7%)<br>(10) | Contributions payable at experience rate (col. 7 × col. 9)<br>(11) | Additional credit (col. 10 minus col. 11)<br>(12) | Contributions actually paid to State<br>(13) |
|----------------------|---|--|----------------------------|-----|------------------------|--|--|---|--|
|                      |   |  | From—                      | To— |                        |  |  |   |  |
| TOTALS---            |   |  | xxx                        | xxx | xxx                    | xxxx   | xxxx   |   |  |

14. Total tentative credit (Column 12 plus column 13) -----
15. Enter here 2.7% of amount of wages in Item 1 above -----
16. Item 14 or 15 whichever is smaller -----
17. Amount, if any, of wages in Item 1 attributable to Alaska (See instructions, page 2) ----- \$----- X .0015 (Multiply and enter here) ----->
18. Credit allowable (Item 16 less Item 17). Enter here and in Item 3 above -----

**EMPLOYERS — DO NOT USE SPACE BELOW**

| State reporting number as shown on employer's State contribution returns | Taxable Payroll (As defined in State act) | Experience rate period |     | Experience rate | Dates and amounts of contributions actually paid to State after January 31 | Contributions actually paid to State before February 1 |
|--|---|------------------------|-----|-----------------|--|--|
|  |   | From—                  | To— |                 |  |  |
|  |   |                        |     |                 |  |  |

TO THE DISTRICT DIRECTOR OF INTERNAL REVENUE:  
I hereby certify that except as noted above, the records of this office agree with the entries made by the employer in columns (6), (7), (8), (9), and (13) of Schedule A, and that all contributions were paid before February 1.

Name of State Officer -----

Name of State -----

**Schedule B — COMPUTATION OF TAXABLE WAGES**

(See Schedule B instructions below)

1. Total remuneration (including exempt remuneration) PAID during the calendar year for services of employees -----

| Exempt remuneration:<br>LIST EACH TYPE OF EXEMPTION   | Approximate number of employees involved | Amount paid     |
|---|--|-----------------|
| 2. Remuneration in excess of \$3,000. (Enter only the excess over the first \$3,000 paid to individual employees) -----                       |  |                 |
| 3. All other exemptions (Explain each exemption shown, attaching additional sheet if necessary):<br>-----<br>-----<br>-----<br>-----<br>----- |  |                 |
| 4. Total exempt remuneration -----  | X X X X X X X                            | X X X X X X X X |

5. Total taxable wages (line 1 minus line 4). Enter this amount in Item 1 on other side -----

**HOW TO PREPARE SCHEDULE A — COMPUTATION OF CREDIT AGAINST FEDERAL UNEMPLOYMENT TAX**

Schedule A should be completely and carefully filled in, in accordance with the numbered items below, in order that the correct amount of credit can be determined. All columns (5 to 13) of this schedule are to be used by taxpayers who have been granted an "experience rate" lower than 2.7 percent by a State for the whole, or part, of the taxable year. If you have not been granted an "experience rate," use columns 5, 6, 7, and 13 only. If you have been granted an "experience rate" higher than 2.7 percent, use columns 5, 6, 7, 8, 9, and 13 only. If a State has granted an experience rate on part of your payroll, that part to which the experience rate does not apply should be entered separately, using columns 5, 6, 7, and 13 for this purpose. If you were granted an "experience rate" for a part of the year only, or your "experience rate" was changed during the year, show in the proper columns the period of the year to which each separate rate applied, the payroll, rate of contributions, and required contributions with respect to each such period.

Column 5. — Enter in column 5 the name of the State or States (including Puerto Rico) to which contributions were required to be paid.

Col. 6. — Enter in column 6 your State reporting number as shown on your State contribution return. If you had employment in more than one State, enter the reporting number assigned to you by each such State.

Col. 7. — Enter in column 7 the taxable payroll on which you are required to pay contributions into the unemployment fund of the State indicated in column 5 or, if you have been granted an "experience rate" of zero, the amount upon which you would have been required to make contributions had such rate not been granted.

Col. 8. — Enter in column 8 the period or periods of the year to which the "experience rate" or rates apply.

Col. 9. — Enter in column 9 the "experience rate" or rates granted to you by the State or States for the period or periods shown in column 8.

Col. 10. — Section 3302(b) of the Federal Unemployment Tax Act requires a determination of the amount of contributions an employer with an "experience rate" would have been required to pay if throughout the taxable year he had been subject to the highest rate applied by the State in the taxable year to any person having individuals in his employ or to a rate of 2.7 percent, whichever rate is lower. For the purpose of this return, the taxpayer should assume that the highest

rate applied under the State law in the taxable year was not lower than 2.7 percent and use that rate in computing the amount shown in column 10. If it is determined that the highest rate applied by the State was lower than 2.7 percent, the amount of additional credit computed with respect to such State will be reduced accordingly.

Col. 11. — Multiply the payroll in column 7 by the "experience rate" in column 9 and enter the result in column 11.

Col. 12. — Subtract the amount in column 11 from the amount in column 10 and enter the difference in column 12.

Col. 13. — Enter in column 13 the amount of contributions actually paid into the State funds.

Item 14. — Enter the sum of the totals appearing in columns 12 and 13. Also include the amount of any special credit as explained after item 17 below.

Item 17. — Enter in the first space in Item 17 the amount (if any) of wages, as defined in the Federal Unemployment Tax Act, paid in 1961 which are subject to the unemployment compensation law of Alaska or which are otherwise attributable to Alaska. (If in doubt, ask the District Director of Internal Revenue.) Such amount, multiplied by .0015, is a credit reduction required by section 3302 (c) (2) of the Act. If the employer paid no wages attributable to Alaska, enter "None" or "0" in Item 17.

Special credit. — If special credit is claimed as a successor employer (see the next-to-last paragraph on page 4) attach a written statement showing (a) the name, address, and employer identification number of the predecessor, (b) the method of acquisition of the predecessor's trade or business (or a separate unit thereof), (c) the date on which the acquisition occurred, (d) each of the items of information in columns 5 through 13 of Schedule A applicable to the predecessor, (e) the number of individuals employed by the predecessor immediately prior to the acquisition who also were employed by the successor employer immediately after the acquisition, (f) the total amount of remuneration, subject to the unemployment compensation law of a State, paid to such employees by the predecessor during the calendar year. The amount of the special credit is determined by (1) adding the amounts determined for the predecessor (in step (d), above) as "Additional credit" and as "Contributions actually paid to State" and (2) multiplying this total by a fraction of which the numerator is the amount determined in step (f) above, and the denominator is the amount determined (in step (d), above) as "Taxable Payroll (as defined in State Act)."

**HOW TO PREPARE SCHEDULE B — COMPUTATION OF TAXABLE WAGES**

Line 1. — Total remuneration (including exempt remuneration) PAID during the calendar year for services of employees. — Enter in line 1 of Schedule B the total amount of remuneration for services paid to employees during the calendar year, regardless of whether such remuneration is taxable. Such remuneration should include salaries, wages, commissions, fees, bonuses, vacation allowances, salaries and wages paid to temporary or part-time employees, the value of goods, lodging, food and clothing, and all amounts deducted from employees' wages as employee tax or as deductions for other reasons. The basis upon which the remuneration is paid is immaterial in determining whether the remuneration constitutes wages. Thus, it may be paid on the basis of piecework, or a percentage of profits; and it may be paid hourly, daily, weekly, monthly, or annually.

The medium in which the remuneration is paid is also immaterial. It may be paid in cash or in something other than cash, as for example, goods, lodging, food, or clothing. Remuneration paid in items other than cash should be computed on the basis of the fair value of such items at the time of payment.

Exempt remuneration. — The terms "wages" and "employment"

as defined for Federal unemployment tax purposes do not include every payment of remuneration to an employee and every kind of service which an employee may perform. In general, any remuneration which is excluded from "wages" and any remuneration for services which are excepted from "employment," are not included in the total wages subject to the tax. These remuneration payments may be deducted from the total remuneration paid only if they are identified in Schedule B.

Line 2. — Enter in line 2 the approximate number of employees who received more than \$3,000 from you during the year and the aggregate amount of the excess above \$3,000 paid to all such employees. For example, assume that you had 10 employees, and that you paid each of them \$5,000 during the year. \$50,000 should be included in line 1 and \$20,000 in line 2.

Line 3. — Enter in line 3 such items as (1) Agricultural labor, (2) benefit payments for sickness or injury, under a workmen's compensation law, insurance plan and certain employer plans, (3) domestic service, (4) family employment, (5) certain fishing activities, and (6) any other exempt payments or services. For more definite information with respect to these exemptions, see Circular E, Employer's Tax Guide.

(For General Instructions, see back of copy for employer)

**FORM 940 — EMPLOYER'S ANNUAL FEDERAL UNEMPLOYMENT TAX RETURN**

**U.S. Treasury Department — Internal Revenue Service**

|   |   |   |
|---|---|---|
| ▶   | <p><b>Employer Identification No.</b></p> <p><b>Calendar Year</b><br/><b>1961</b></p> <p>Type or print in this space employer's identification number, name, address, and calendar year exactly as shown on original.</p> | <p><b>If no longer in business write "Final."</b></p> |
| <p>1. Total taxable wages paid during calendar year (From Schedule B, on other side).....</p> <p>2. Gross Federal tax (3.1% of wages in Item 1).....</p> <p>3. Less: Credit from Item 18 of Schedule A.....</p> <p>4. Remainder of tax (Item 2 minus Item 3). Pay to "INTERNAL REVENUE SERVICE" →</p> |   | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>   |

YOUR COPY

**Schedule A — COMPUTATION OF CREDIT AGAINST FEDERAL UNEMPLOYMENT TAX**

| Name of State<br>(5) | State reporting number as shown on employer's State contribution returns<br>(6) | Taxable Payroll<br>(As defined in State act)<br>(7) | Experience rate period<br>(8) |       | Experience rate<br>(9) | Contributions had rate been 2.7%<br>(col. 7 × 2.7%)<br>(10) | Contributions payable at experience rate<br>(col. 7 × col. 9)<br>(11) | Additional credit<br>(col. 10 minus col. 11)<br>(12) | Contributions actually paid to State<br>(13) |
|----------------------|---|---|-------------------------------|-------|------------------------|---|---|--|--|
|                      |   |   | From—                         | To—   |                        |   |   |  |  |
| TOTALS---            |   |   | X X X                         | X X X | X X X                  | X X X X   | X X X X   |  |  |

|  |  |
|--|--|
| 14. Total tentative credit (Column 12 plus column 13).....   |  |
| 15. Enter here 2.7% of amount of wages in Item 1 above.....  |  |
| 16. Item 14 or 15 whichever is smaller.....  |  |
| 17. Amount, if any, of wages in Item 1 attributable to Alaska<br>(See instructions, page 2)..... \$..... X .0015 (Multiply and enter here) → |  |
| 18. Credit allowable (Item 16 less Item 17). Enter here and in Item 3 above.....   |  |

THIS COPY MUST BE  
KEPT BY EMPLOYER

This copy, and each related schedule or statement which the employer is required to keep, must be carefully preserved by the employer, for a period of 4 years after the date the tax is due, or the date the tax is paid, whichever is the later. Such copies should at all times during this period be available for inspection by officers of the Internal Revenue Service.

**Schedule B — COMPUTATION OF TAXABLE WAGES**

(See Schedule B instructions on back of copy for District Director)

1. Total remuneration (including exempt remuneration) PAID during the calendar year for services of employees -----

| Exempt remuneration:<br>LIST EACH TYPE OF EXEMPTION   | Approximate number of<br>employees involved | Amount paid     |
|---|---|-----------------|
| 2. Remuneration in excess of \$3,000. (Enter only the excess over the first \$3,000 paid to individual employees)-----                        |   |                 |
| 3. All other exemptions (Explain each exemption shown, attaching additional sheet if necessary):<br>-----<br>-----<br>-----<br>-----<br>----- |   |                 |
| 4. Total exempt remuneration-----   | X X X X X X X                               | X X X X X X X X |

5. Total taxable wages (line 1 minus line 4). Enter this amount in Item 1 on other side -----

**GENERAL INSTRUCTIONS**

The instructions below tell you details for preparing and filing Form 940. Additional instructions are contained in Circular E, which has been furnished to employers in connection with (a) Income tax withholding, (b) taxes under the Federal Insurance Contributions Act, and (c) the tax under the Federal Unemployment Tax Act. Circular E may be obtained from your District Director of Internal Revenue upon request.

Employers should refer to Circular E for information as to the employers who are liable for filing a return on Form 940, the types of payments defined by law as wages, and the kind of services covered by the Federal Unemployment Tax Act.

**Purpose of Form 940.** — This form is provided for the annual reporting of the tax under the Federal Unemployment Tax Act.

**Who must file.** — Every employer who had 4 or more employees on at least 1 day of each of 20 calendar weeks in a calendar year must file a return on Form 940 for such year. In case of a change of ownership or other transfer of the business during the year, each employer who had 4 or more employees on at least 1 day of each of 20 calendar weeks in the calendar year must file a return on Form 940, but neither should report wages paid by the other.

After you have once filed a taxable return on Form 940, you will receive a preaddressed form near the close of each calendar year. If the form should fail to reach you or if you filed a nontaxable return, request a Form 940 from your District Director so that you can make your return on time.

If a statutory merger or consolidation occurs during the calendar year, the obligation of the continuing corporation to make a return on Form 940, and the reporting of wages and credits on such return, are the same as if the continuing corporation and the dissolved corporation or corporations constituted one person during the calendar year.

**Due date of annual return.** — The annual return on Form 940 is due on or before January 31 with respect to the preceding calendar year unless the employer obtains from his District Director an extension of time within which to file the return.

Unless already shown on the preaddressed form received, enter in the spaces at the right of the employer's name the calendar year for which the return is filed.

**Where to file.** — The original of this form is to be sent to the District Director of Internal Revenue for the district in which the employer's principal place of business is located. An employer who has no place of business in the United States should file with the Director of International Operations, Internal Revenue Service, Washington 25, D.C. Employers whose principal place of business is in Puerto Rico should file with the Director of International Operations, U. S. Internal Revenue Service, 1105 Fernandez Juncos Avenue, Santurce, Puerto Rico.

**Payment of tax.** — The total tax due must be paid in full with the return.

**Employer's name, address, and identification number.** — Preaddressed Forms 940 should be used in filing returns. If the preaddressed form is lost, a new one should be requested. If necessary to use a form not preaddressed, type or print in the address block the employer's correct name and address, and enter the employer's identification number in the space at the right of the address block. Do not use the identification number assigned to a prior owner.

**Penalties and interest.** — Avoid penalties and interest by filing a correct return on time, and by paying the proper amount of tax with the return. The law provides a penalty for late filing unless reasonable cause is shown for the delay. If you are late in filing a return, send a full explanation in writing with your return.

Penalties also are imposed by law for willful failure to pay tax, keep records, make returns, or for false or fraudulent returns.

**Credit for contributions paid into State funds.** — In general, an employer may credit against the tax the amount of required contributions paid by him with respect to the calendar year under all State laws which have been duly approved: *Provided*, That no credit will be allowable for contributions under a State law if such State is not duly certified for the calendar year. The term "contributions" means payments required by a State law to be made into an unemployment fund by any person on account of having individuals in his employ, to the extent that such payments are made by him without being deducted or deductible from the remuneration of individuals in his employ. Contributions may be credited against the tax whether or not they are paid with respect to "employment." Do not take credit, however, for voluntary contributions or for penalty or interest paid to a State.

To be allowable as credit against the tax, contributions must have actually been paid into a State unemployment fund on or before the due date of this return or the due date as extended; except that contributions paid after the due date or the due date as extended, may be credited in an amount not to exceed 90 percent of the amount which would have been allowable as credit on account of such contributions had they been paid on or before such due date.

An employer who has been granted an "experience" rate lower than 2.7 percent by a State for the whole, or part, of the year may be entitled to an additional credit against the tax under Section 3302(b) of the Federal Unemployment Tax Act. If the provisions of the State law under which a taxpayer has been granted a reduced rate are not certified, or are only partially certified, the amount of additional credit claimed on this return may be disallowed in whole or in part.

Under section 3302 (e) a special credit is provided if an employer during any calendar year acquires substantially all the property used in the trade or business (or in a separate unit of a trade or business) of another person who is not an "employer" (of 4 or more employees on at least 1 day of each 20 calendar weeks in that year), and immediately after the acquisition the successor employs in his trade or business one or more individuals who immediately prior to the acquisition were employed in the trade or business of the predecessor. This special credit is not allowable to any successor employer whose predecessor also is an "employer," nor is it allowable to a corporation acquiring the trade or business of another corporation in a statutory merger or consolidation. The amount of the special credit is based on the amount of remuneration, subject to the unemployment compensation law of a State, paid by the predecessor to those employees who were employed by the predecessor immediately before the transfer of the trade or business (or separate unit thereof) and who also were employed by the successor immediately after the transfer.

The total credit for contributions paid to State unemployment funds under Section 3302(b) may not exceed 2.7 percent of such wages.

(See also the instructions on the back of copy for District Director)