



Publication 15

(Circular E), Employer's Tax Guide

For use in **2025**



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Future Developments

For the latest information about developments related to Pub. 15, such as legislation enacted after it was published, go to [IRS.gov/Pub15](https://www.irs.gov/Pub15).

What's New

Social security and Medicare taxes for 2025. The rate of social security tax on taxable wages is 6.2% each for

A correction won't be eligible for interest-free treatment after the earlier of the following.

- Receipt of an IRS notice and demand for payment after assessment.
- Receipt of an IRS notice of determination under section 7436.

Wage Repayments

If an employee repays you for wages received in error, don't offset the repayments against current year wages unless the repayments are for amounts received in error in the current year.

Repayment of current year wages. If you receive repayments for wages paid during a prior quarter in the current year, report adjustments on Form 941-X to recover income tax withholding and social security and Medicare taxes for the repaid wages.

Repayment of prior year wages. If you receive repayments for wages paid during a prior year, report an adjustment on Form 941-X, Form 943-X, or Form 944-X to recover the social security and Medicare taxes. You can't make an adjustment for income tax withholding because the wages were income to the employee for the prior year. You can't make an adjustment for Additional Medicare Tax withholding because the employee determines liability for Additional Medicare Tax on the employee's income tax return for the prior year.

You must also file Forms W-2c and W-3c with the SSA to correct social security and Medicare wages and taxes. Don't correct wages (box 1) on Form W-2c for the amount paid in error. Give a copy of Form W-2c to the employee.

Employee reporting of repayment. The wages paid in error in the prior year remain taxable to the employee for that year. This is because the employee received and had use of those funds during that year. The employee isn't entitled to file an amended return (Form 1040-X) to recover the income tax on these wages. Instead, the employee may be entitled to a deduction or credit for the repaid wages on their income tax return for the year of repayment. However, the employee should file an amended return (Form 1040-X) to recover any Additional Medicare Tax paid on the wages paid in error in the prior year. If an employee asks about reporting their wage repayment, you may tell the employee to see *Repayments* in Pub. 525, *Taxable and Nontaxable Income*, for more information.

14. Federal Unemployment (FUTA) Tax



FUTA tax doesn't apply to employers in American Samoa, Guam, and the CNMI, but it does apply to employers in the USVI and Puerto Rico.

The Federal Unemployment Tax Act (FUTA), with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both a federal and a state unemployment tax. For a list of state unemployment agencies, go to the U.S. Department of Labor's website at oui.doleta.gov/unemploy/agencies.asp. Only the employer pays FUTA tax; it isn't withheld from the employee's wages. For more information, see the Instructions for Form 940.



Services rendered to a federally recognized Indian tribal government (or any subdivision, subsidiary, or business wholly owned by such an Indian tribe) are exempt from FUTA tax, subject to the tribe's compliance with state law. For more information, see section 3309(d) and Pub. 4268.

Who must pay? Use the following three tests to determine whether you must pay FUTA tax. Each test applies to a different category of employee, and each is independent of the others. If a test describes your situation, you're subject to FUTA tax on the wages you pay to employees in that category during the current calendar year.

1. General test.

You're subject to FUTA tax in 2025 on the wages you pay employees who aren't farmworkers or household workers if:

- a. You paid wages of \$1,500 or more in any calendar quarter in 2024 or 2025, or
- b. You had one or more employees for at least some part of a day in any 20 or more different weeks in 2024 or 20 or more different weeks in 2025.

2. Household employees test.

You're subject to FUTA tax in 2025 if you paid total cash wages of \$1,000 or more to household employees in any calendar quarter in 2024 or 2025. A household employee is an employee who performs household work in a private home, local college club, or local fraternity or sorority chapter.

3. Farmworkers test.

You're subject to FUTA tax in 2025 on the wages you pay to farmworkers if:

- a. You paid cash wages of \$20,000 or more to farmworkers during any calendar quarter in 2024 or 2025, or
- b. You employed 10 or more farmworkers during at least some part of a day (whether or not at the same time) during any 20 or more different weeks in 2024 or 20 or more different weeks in 2025.

To determine whether you meet either test above for farmworkers, you must count wages paid to aliens admitted on a temporary basis to the United States to perform farmwork, also known as H-2A visa workers. However, wages paid to H-2A visa workers aren't subject to the FUTA tax.

Generally, farmworkers supplied by [crew leaders](#), as defined earlier in section 2, are considered employees of

the farm operator for purposes of the FUTA tax unless (a) the crew leader is registered under the Migrant and Seasonal Agricultural Worker Protection Act; or (b) substantially all of the workers supplied by the crew leader operate or maintain tractors, harvesting or crop-dusting machines, or other machines provided by the crew leader. Therefore, if (a) or (b) applies, the farmworkers are generally employees of the crew leader.

Figuring FUTA tax. For 2025, the FUTA tax rate is 6.0%. The tax applies to the first \$7,000 you pay to each employee as wages during the year. The \$7,000 is the federal wage base. Your state wage base may be different.

Generally, you can take a credit against your FUTA tax for amounts you paid into state unemployment funds. The credit may be as much as 5.4% of FUTA taxable wages. If you're entitled to the maximum 5.4% credit, the FUTA tax rate after credit is 0.6%. You're entitled to the maximum credit if you paid your state unemployment taxes in full, on time, and on all the same wages as are subject to FUTA tax, and as long as the state isn't determined to be a credit reduction state. See the Instructions for Form 940 to determine the credit.

In some states, the wages subject to state unemployment tax are the same as the wages subject to FUTA tax. However, certain states exclude some types of wages from state unemployment tax, even though they're subject to FUTA tax (for example, wages paid to corporate officers, certain payments of sick pay by unions, and certain fringe benefits). In such a case, you may be required to deposit more than 0.6% FUTA tax on those wages. See the Instructions for Form 940 for further guidance.

TIP *In years when there are credit reduction states, you must include liabilities owed for credit reduction with your fourth quarter deposit. You may deposit the anticipated extra liability throughout the year, but it isn't due until the due date for the deposit for the fourth quarter, and the associated liability should be recorded as being incurred in the fourth quarter. See the Instructions for Form 940 for more information.*

Successor employer. If you acquired a business from an employer who was liable for FUTA tax, you may be able to count the wages that employer paid to the employees who continue to work for you when you figure the \$7,000 FUTA tax wage base. See the Instructions for Form 940.

Depositing FUTA tax. For deposit purposes, figure FUTA tax quarterly. Determine your FUTA tax liability by multiplying the amount of taxable wages paid during the quarter by 0.6%. This amount may need to be adjusted, however, depending on your entitlement to the credit for state unemployment contributions. See the Instructions for Form 940. Stop depositing FUTA tax on an employee's wages when taxable wages reach \$7,000 for the calendar year.

If your FUTA tax liability for any calendar quarter is \$500 or less, you don't have to deposit the tax. Instead, you may carry it forward and add it to the liability figured in the next quarter to see if you must make a deposit. If your FUTA tax liability for any calendar quarter is over \$500

(including any FUTA tax carried forward from an earlier quarter), you must deposit the tax by EFT. See [section 11](#) for more information on EFTs.

Household employees. You're not required to deposit FUTA taxes for household employees unless you report their wages on Forms 941, Form 943, or Form 944. See Pub. 926 for more information.

When to deposit. Deposit the FUTA tax by the last day of the first month that follows the end of the quarter. If the due date for making your deposit falls on a Saturday, Sunday, or legal holiday, you may make your deposit on the next business day. See [Legal holiday](#), in section 11, for a list of legal holidays occurring in 2025.

If your liability for the fourth quarter (plus any undeposited amount from any earlier quarter) is over \$500, deposit the entire amount by the due date of Form 940 (January 31). If it is \$500 or less, you can make a deposit, pay the tax with a credit or debit card, or pay the tax with your Form 940 by January 31. If you file Form 940 electronically, you can *e-file* and use EFW to pay the balance due. For more information on paying your taxes with a credit or debit card or using EFW, go to [IRS.gov/Payments](https://www.irs.gov/Payments).

Table 4. When To Deposit FUTA Taxes

Quarter	Ending	Due Date
Jan.–Feb.–Mar.	Mar. 31	Apr. 30
Apr.–May–June	June 30	July 31
July–Aug.–Sept.	Sept. 30	Oct. 31
Oct.–Nov.–Dec.	Dec. 31	Jan. 31

Reporting FUTA tax. Use Form 940 to report FUTA tax. File your 2024 Form 940 by January 31, 2025. However, if you deposited all FUTA tax when due, you may file on or before February 10, 2025.

Form 940 e-file. The Form 940 *e-file* program allows a taxpayer to electronically file an original Form 940 and an amended Form 940. For more information, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/EmploymentEfile), or call 866-255-0654.

Household employees. If you didn't report employment taxes for household employees on Forms 941, Form 943, or Form 944, report FUTA tax for these employees on Schedule H (Form 1040). See Pub. 926 for more information. You must have an EIN to file Schedule H (Form 1040).

Electronic filing by reporting agents. Reporting agents filing Forms 940 for groups of taxpayers can file them electronically. See [Electronic filing by reporting agents](#) in section 12.

Electronic filing by CPEOs. CPEOs are required to electronically file Form 940 with Schedule R (Form 940). Under certain circumstances, the IRS may waive the electronic filing requirement. To request a waiver, the CPEO must file a written request using the IRS Online Registration System for Professional Employer Organizations at least 45 days before the due date of the return for which

the CPEO is unable to electronically file. For more information on filing a waiver request electronically, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO). Also see [Revenue Procedure 2023-18](#).

15. Special Rules for Various Types of Services and Payments

Section references are to the Internal Revenue Code unless otherwise noted.

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Agricultural labor:			
1. Service on farm in connection with cultivating soil; raising or harvesting any agricultural or horticultural commodity; the care of livestock, poultry, bees, furbearing animals, or wildlife.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met.	Taxable if either test in section 14 is met.
2. Service in employ of owner or operator of farm if major part of the services are performed on farm; in management or maintenance, etc., of farm, tools, or equipment; or in salvaging timber; or clearing brush and other debris left by hurricane.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met.	Taxable if either test in section 14 is met.
3. In connection with the production and harvesting of turpentine and other oleoresinous products.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met.	Taxable if either test in section 14 is met.
4. Cotton ginning.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met. ¹	Taxable if either test in section 14 is met.
5. In connection with hatching of poultry.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met (not farmwork if performed off farm).	Taxable if either test in section 14 is met.
6. In operation or maintenance of ditches, canals, reservoirs, or waterways used only for supplying or storing water for farming purposes and not owned or operated for profit.	Taxable if wages subject to social security tax and Medicare tax.	Taxable if \$150 test or \$2,500 test in section 9 is met.	Taxable if either test in section 14 is met.
7. In processing, packaging, delivering, etc., any agricultural or horticultural commodity in its unmanufactured state:			
a. In employ of farm operator.	Taxable if wages subject to social security tax and Medicare tax.	If operator produced over half of commodity processed, taxable if \$150 test or \$2,500 test in section 9 is met; otherwise taxable (not farmwork). ¹	If employer produced over half of commodity processed, taxable if either test in section 14 is met; otherwise taxable (not farmwork).
b. In employ of unincorporated group of farm operators (never more than 20).	Taxable if wages subject to social security tax and Medicare tax.	If group produced all commodity processed, taxable if \$150 test or \$2,500 test in section 9 is met; otherwise taxable (not farmwork). ¹	If employer produced over half of commodity processed, taxable if either test in section 14 is met; otherwise taxable (not farmwork).
c. In employ of other groups of farm operators (including cooperative organizations and commercial handlers).	Taxable if wages subject to social security tax and Medicare tax.	Taxable (not farmwork). ¹	If employer produced over half of commodity processed, taxable if either test in section 14 is met; otherwise taxable (not farmwork).
8. Handling or processing commodities after delivery to terminal market for commercial canning or freezing.	Taxable if wages subject to social security tax and Medicare tax.	Taxable (not farmwork). ¹	Taxable (not farmwork).
Aliens:			
1. Resident:			
a. Service performed in the United States. ²	Same as U.S. citizen.	Same as U.S. citizen. (Exempt if any part of service as crew member of foreign vessel or aircraft is performed outside the United States).	Same as U.S. citizen.

¹ Wages for services not considered farmwork are reported on Forms 941 or Form 944. Other exemptions may apply. See [section 5](#) and [section 13](#).

² Benefits provided under cafeteria plans may qualify for exclusion from wages for social security, Medicare, and FUTA taxes.

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Federal Income Tax Withholding	Social Security and Medicare (including Additional Medicare Tax when wages are paid in excess of \$200,000)	FUTA
Aliens (continued):			
b. Service performed outside the United States. ²	Withhold.	Taxable if (1) working for an American employer, or (2) an American employer by agreement covers U.S. citizens and residents employed by its foreign affiliates or subsidiary of an American employer.	Exempt unless on or in connection with an American vessel or aircraft and either performed under contract made in United States, or alien is employed on such vessel or aircraft when it touches U.S. port.
2. Nonresidents working in the United States. ³			
a. Workers lawfully admitted under section 101(a)(15)(H)(ii)(a) of the Immigration and Nationality Act on a temporary basis to perform agricultural labor ("H-2A" workers).	See Pub. 515 and Pub. 519.	Exempt.	Exempt.
b. Student, scholar, trainee, teacher, etc., as nonimmigrant alien under section 101(a)(15)(F), (J), (M), or (Q).	See Pub. 515 and Pub. 519.	Exempt if service is performed for purposes specified in section 101(a)(15)(F), (J), (M), or (Q) of the Immigration and Nationality Act. However, these taxes may apply if the employee becomes a resident alien.	
c. Philippine resident not admitted to Guam or CNMI under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act.	See Pub. 515 and Pub. 519.	Exempt if service is performed for purposes specified in section 101(a)(15)(H)(ii) of the Immigration and Nationality Act. However, these taxes may apply if the employee becomes a resident alien.	
d. Philippine resident not admitted to CNMI under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act for services performed in the CNMI on or after January 1, 2015.	See Pub. 515 and Pub. 519.	Taxable.	Exempt.
e. Korean resident admitted to Guam under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act.	See Pub. 515 and Pub. 519.	Exempt if service is performed for purposes specified in section 101(a)(15)(H)(ii) of the Immigration and Nationality Act. However, these taxes may apply if the employee becomes a resident alien.	Exempt.
f. Korean resident admitted to CNMI under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act.	See Pub. 515 and Pub. 519.	Taxable.	Exempt.
g. All other nonresidents working in United States. ³	See Pub. 515 and Pub. 519.	Same as U.S. citizen; exempt if any part of service as crew member of foreign vessel or aircraft is performed outside United States and employer isn't an American employer.	Same as U.S. citizen.
3. Nonresident working on American vessel or aircraft outside United States. ³	See Pub. 515 and Pub. 519.	Taxable if under contract made in the United States or worker is employed on vessel or aircraft when it touches U.S. port.	
Cafeteria plan benefits under section 125.	If employee chooses cash or other taxable benefit, subject to all employment taxes. If employee chooses a nontaxable benefit, the treatment is the same as if the benefit was provided outside the plan. See Pub. 15-B for more information.		
Deceased worker:			
1. Wages paid to beneficiary or estate in same calendar year as worker's death. See the General Instructions for Forms W-2 and W-3 for details.	Exempt.	Taxable.	Taxable.
2. Wages paid to beneficiary or estate after calendar year of worker's death.	Exempt.	Exempt.	Exempt.
Dependent care assistance programs.	Exempt to the extent it is reasonable to believe amounts are excludable from gross income under section 129.		

² Benefits provided under cafeteria plans may qualify for exclusion from wages for social security, Medicare, and FUTA taxes.

³ The United States includes American Samoa, Guam, the CNMI, the USVI, and Puerto Rico.