

● **INTERNAL REVENUE CODE OF 1986 (COLLECTION OF INCOME TAX AT THE SOURCE ON WAGES)**

*STATUTORY CITATION:* 26 USC §§ 3401 – 3406

*RELATED REGULATIONS:* 26 CFR Part 31

*GENERAL SUMMARY:* The Internal Revenue Code embodies, among other provisions, the federal income tax laws of the United States. The Code dictates both the income tax rates and the circumstances under which individuals are liable for payment of income taxes. In general, every employer who pays wages is required to deduct and withhold from such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary of the Treasury.

*PROVISIONS APPLICABLE TO AGRICULTURE:* To the extent that agricultural wages are subject to FICA taxes, the wages are also subject to withholding of federal income taxes. Hence, agricultural employers who pay at least \$2,500 in wages for agricultural labor during the year are required to deduct and withhold federal income tax from the wages of their agricultural employees.

On the other hand, an employer whose annual agricultural payroll expenditures amount to less than \$2,500, but who pays at least \$150 in cash agricultural wages to a particular worker during the year, must deduct and withhold federal income tax from that worker's wages.

*SPECIAL NOTES OR ADVISORIES*

**TAX RETURNS AND LIABILITY** — Even if exempt from tax withholding, a farmworker may be obligated to file an annual federal income tax return and may be liable for payment of taxes, depending on total net income during the tax year and other circumstances.

**VOLUNTARY WITHHOLDING** — While deduction of income tax from a farmworker's wages may not be required, such taxes may be withheld if the employer and the employee agree to such withholding. A worker who desires to enter into a voluntary withholding agreement must furnish the employer with a completed Form W-4, which constitutes a request for withholding. No request for voluntary withholding is effective, however, until the employer accepts the request by commencing to withhold taxes from the worker's earnings.

*ADMINISTRATION AND ENFORCEMENT*

**PRIMARY ENFORCEMENT AGENCY** — *Internal Revenue Service, U.S. Department of the Treasury, Washington, D.C. 20224 (202-283-1710).* Primarily through its district offices and regional service centers, IRS is responsible for the collection of taxes authorized by the Internal Revenue Code. Consequently, IRS district office personnel may investigate complaints or suspected violations involving the collection and handling of employment taxes.

**SECONDARY OR ASSOCIATED ENFORCEMENT AGENCY** — *None.*