

● **INCOME TAX LAW (WITHHOLDING OF TAXES AT THE SOURCE)**

*STATUTORY CITATION:* Vt. Stat. Title 32, §§ 5841 – 5847

*GENERAL SUMMARY:* Every person who is required under the Internal Revenue Code to withhold federal income tax from a worker's wages must also deduct and withhold a prescribed amount calculated to approximate the worker's year-end state income tax liability on the earnings. Withheld state taxes must be remitted to the state at least once every three months.

*PROVISIONS APPLICABLE TO AGRICULTURE:* Under the U.S. Internal Revenue Code, 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. In those cases, farm employers in Vermont must also withhold state income tax from their workers' wages.

Likewise, 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, is required to withhold federal income tax from that worker's wages, and thus would be obligated to withhold state income tax as well.

*SPECIAL NOTES OR ADVISORIES*

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

*ADMINISTRATION AND ENFORCEMENT*

**PRIMARY ENFORCEMENT AGENCY** — *Compliance Division, Vermont Department of Taxes, Montpelier, Vermont 05633 (802-828-2865; toll-free 866-828-2865).*

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