

**June 2018 Summer Specialized Training**  
**Payroll for Election Judges**

**Trainers:** You can email or leave a message at any time, we have listed the best times to contact us.

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## Election Workers

“Election workers are individuals hired by government entities to perform services at polling places in connection with national, state and local elections. Compensation paid to election workers is includible as wage income for income tax purposes and may be treated as wages for Social Security and Medicare(FICA) tax purposes.” From [www.irs.gov](http://www.irs.gov) Election Workers: Reporting and Withholding web page.

- Compensation paid to election workers for their services are taxable, but not subject to income tax withholding.

### **DO NOT USE FORM 1099-MISC TO REPORT ELECTION WORKER PAYMENTS.**

- Employers and employees may enter into a voluntary agreement for withholding income taxes.
- Election workers may request that income tax withholding by completing and giving employer a W-4. This is the easiest option for those employees who work for the Township on a regular basis, however, if preferred you can issue multiple W-2's.
- So why obtain a W-4?
  - If Election Worker earns \$600 or more, a W-2 must be issued (you need a W-4 to issue an appropriate W-2) even if no income taxes or FICA taxes were withheld. Required by Regulation section 1.6041-2(a)(1).
- If election workers do not earn at least \$600 in a year, you would not need to obtain a W-4 and can pay through claims. Before considering using this method think about how much an election worker will make if they work all days. This is a change from the May 2016 IRS Election Worker documentation used last election. 6 items to consider (in 2020 if laws hold there may also be Presidential Caucus election to consider)
  - Township Election in March
  - Election Judge Training
  - Primary election in August
  - General Election in November
  - How many hours will that worker serve?
  - This is NOT usually an option for those election workers that also work

for the township in any other capacity. If they will earn \$600 by considering all work for the township, all their wages MUST go through payroll.

- **How to find out if I am covered by a 218 agreement**
  - You can contact the Chicago Regional Office and speak to Edward A. Swierczek, 312-575-4248, [Edward.A.Swierczek@ssa.gov](mailto:Edward.A.Swierczek@ssa.gov) and ask.
- What about employees serving as election judges? IRS Ruling 2000-6 provides that employers may use separate W-2 forms to report employee compensation from separate components (ie. Regular wages vs. election worker wages). You can either use separate W-2 forms or create separate payrolls (even if the same day). ***THE EASIEST IS TO CREATE A SEPARATE PAYROLL. THIS WILL BE DEMONSTRATED TODAY. IT IS A 'CLEANER' PROCESS AND GENERATES A SINGLE W-2 FORM.*** CTAS can handle various payrolls with various tax implications.
  - If you use two W-2's when submitting data to the social security office online, you will need to combine them and enter a single W-2 for each person.

**Remember: Mileage reimbursements ARE NOT to be included in a payroll check. These are to be submitted through claims and a second check generated.**

## Election Judge Wages – Flowchart

Wage Earner	Income Level	Taxes	Year-end Documentation	Method of Payment
Election Worker, not employed by township in any other capacity.	Receiving less than \$600 for the calendar year	None, but worker may request withholding by filing a W-4 with Township.	None required by Township. Each person is to include those wages when they file.	Unless they request withholding OR ANTICIPATED yearly wages will exceed \$600, use a <b>claim</b> for payment
Election Worker, not employed by township in any other capacity.	Receiving \$600 - \$1799 for the calendar year	None, but worker may request withholding by filing a W-4 with Township	W-2 for wages	Must send through Payroll in order for CTAS to generate a W-2.
Election Workers – Employed as Elected Officers (Supervisors and Treasurers) This practice triggers the need for the Conflict of Interest documentation. MAT website C6000 for all the information.	If the combined wages (election judge and regular pay) for all activities reach \$600+ per calendar year.	<u>Election Judge wages are not subject to PERA or regular taxes. Employee may request withholding of regular taxes only.</u>	W-2 for all wages. Use CTAS overrides to eliminate need for 2 W-2's. This method requires two payroll checks. One for regular wages, one for election wages.	Must send through Payroll.  Use the override method of payroll in CTAS.
Election Workers - a) Employed as Appointed Officers by Option B (see GI 1000 for details. Applies to Clerks, Treasurers, Deputy Clerk, Deputy Treasurer only. b) Employed by the township in any other hired capacity	Combined wages (election judge and regular pay) for all activities reach \$600+ per year	Election Judge wages are not subject to PERA or regular taxes. Employee may request withholding of regular taxes	W-2 for all wages.  CTAS Overrides eliminate need for 2 W-2's. Though this method does require 2 payroll checks. One for regular wages, one for election wages.	Must send through Payroll.  Use the override method of payroll in CTAS to allow a single W-2 rather than 2 forms.

***All Election Workers*** MN 218 Agreement information	If an Election Judge makes a yearly threshold <b>(\$1,800</b> in 2017) in <u>Election Judging wages only</u> for a calendar year. (Visit <a href="https://www.ssa.gov/sjpe/election_workers.htm">https://www.ssa.gov/sjpe/election_workers.htm</a> for the yearly updated number.)	You are required to apply Medicare and or FICA to those wages that not only reach or exceed the yearly threshold (\$1800/2017) but you need to go back and tax from dollar one (\$1).  W-2 required for any Election Judge wages reaching \$600 or more in the calendar year but taxes calculated only when the total reaches the yearly threshold for the calendar year. (\$1800/2017)
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Accounting	Coding			
	Worker Type	Fund	Account	Object Code
Election worker wages include training, preparation, testing, Election Day activities, recounts, absentee ballot boards or any activities related to the election.				
Mileage is still paid via claim forms, but is not considered wages if township chooses to pay mileage.				
Type of Election Worker	Clerk	100	41960	103
	Deputy Clerk	100	41960	103
	Treasurer	100	41960	103
	Supervisor	100	41960	103
	Other Employees	100	41960	103
	Citizens	100	41960	103
Regular Clerk Duties; posting, etc.		100	41410	103
Mileage for Election Workers (usually election day or training)		100	41960	331

## Never use 1099-MISC to report Election Worker payments.

This document revised in accordance with tax laws 2018. Please review any other tax law changes each election year. We will try to alert you of updates.

### Additional Election Worker Documentation:

218 Agreements –At time of printing, Cheryl Keating, with PERA (she is one of the State Administrators for Social Security) told me that no individual Township has a Section 218 Agreement that relates to Social Security coverage for election judges. Minnesota does have a Section 218 Agreement that all Townships fall under (see the note about \$1,800 in pay above).

IRS Publication 963

SSA.gov

IRS Ruling 2000-6

IRS Publication 15

IRS Publication 15a

IRS Election Workers: Reporting and Withholding

**APPENDIX B**

**RESOLUTION AUTHORIZING CONTRACT  
WITH INTERESTED OFFICER UNDER  
Minn. Stat. § 471.88, subd. 5**

**WHEREAS**, Town Board of \_\_\_\_\_ Township, \_\_\_\_\_ County, Minnesota is seeking the performance or acquisition of the following service or goods:

*[describe the service or goods to be provided by the supervisor]*

**WHEREAS**, \_\_\_\_\_ is a supervisor of said Township and will be financially interested in the contract for the following described reason: *[select one of the following descriptions and modify it as needed to fit the particular circumstances]*

- He or she is an (employee/owner) of (business name) which is the provider of the service or goods.
- He or she is directly providing the service or goods to the Township as an independent contractor.
- He or she is directly providing the service as an employee of the Township.

**NOW, THEREFORE, BE IT RESOLVED** that the Town Board, upon a unanimous vote of the supervisors with the interested officer abstaining, finds that the contract price of \$ \_\_\_\_\_ is as low as, or lower than, the price at which the services or goods could be obtained elsewhere at this time; and

**BE IT FURTHER RESOLVED**, that the Town Board, pursuant to Minn. Stat. §§ 365.37; 471.88, subd. 5; and 471.89, does hereby authorize a contract with \_\_\_\_\_ for a price of \$ \_\_\_\_\_; payment to occur on the contract as agreed and upon the filing of a proper affidavit by the interested officer.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Attest: \_\_\_\_\_  
Town Clerk

BY THE TOWN BOARD

\_\_\_\_\_  
Chairperson or other if chair is contracting

## Transcript- Payroll Reporting for Election Workers

This program explains a government entity's withholding and reporting responsibilities when paying election workers.

Let's start with defining....who are "election workers"?

Election workers are defined as:

"individuals who are generally employed:

- By state or local governments,
- to perform services at election booths
- in connection with national, state or local elections."

An election worker performs services during an election season. The election must be a national, state or local election. So, we're not talking about someone who presides over the election for a class president in high school.

Sometimes a worker is erroneously considered to be an election worker. For example:

- When a board of elections employee attends election worker meetings or the election itself through normal course of their duties, it is NOT considered work as an election worker. Those services are part of the regular duties of a board of elections employee.
- Here's another example of when work is NOT that of an election worker: Let's say the school janitor has to work an extra shift to clean the school gymnasium after the election. Again, the janitor is performing a duty of their janitorial position; it is not considered election work.

Let's make sure we understand the nature of the working relationship with an election worker.

Election workers are deemed to be employees.

As the employer, you have the right to direct and control these workers:

- They are employees,
- They are not independent contractors.

If your organization pays workers for election work, be aware that there are special rules for treating their pay relating to:

- taxing
- withholding, and
- reporting.

We will get into the details on withholding payroll taxes and reporting an election worker's pay but first this important point to remember: The compensation an election worker gets for election work is taxable income to the worker and reported on their form



1040, regardless of whether they receive a form W-2.

You'll see that sometimes you won't need to issue a W-2 and often times there won't be any taxes withheld, but it is still taxable income to the worker and reportable by them personally.

Now, let's get to the withholding responsibilities. Since you have a wage payment to an employee, you must consider the payroll taxes. For federal purposes, as a government entity, that means you should be thinking about:

- income tax withholding, and
- Social Security and Medicare (FICA) taxes that both the employee and employer owe.

Let's talk about the income tax withholding first:

You aren't required to withhold income tax from an election worker's wages by federal statute.

Don't misunderstand this to mean it isn't taxable to the worker; all it means is that you aren't required to withhold income tax. But, if you issue the form W-2, and we will cover that, an election worker's wages belong in Box 1.

Leave Box 2 blank if you didn't withhold income tax.

What about Social Security and Medicare (FICA) taxes? Generally speaking, unless there is a specific exclusion from Social Security, payments to election workers are subject to FICA tax.

To explain FICA as it relates to government entities and election workers we must touch on Section 218 agreements. If you are a government entity, you probably realize that Section 218 coverage can vary from state to state, and in some states, it can vary from entity to entity. If you have Section 218 coverage the provisions of your agreement as it may speak to election worker social security exemption amounts. This agreement may mirror the SSA exemption amounts reported annually by SSA or state its own amounts of exemption threshold.

If a 218 agreement is not in place, then mandatory Social Security rules apply.

If you have any questions check out Publication 963 Federal-State Reference Guide form our website for an in-depth review of both section 218 agreements and the mandatory social security coverage rules. At the end of this Program we'll show you how to find this publication on our website.

So, what is the SSA exemption amount and how do I apply it to an election worker's

compensation?

The mandatory Social Security rules set the election worker FICA exemption amount for 2018 at \$1,800. This amount is adjusted annually and is announced by the Social Security Administration on October 15<sup>th</sup> of each year.

Your section 218 threshold may be less than the exemption amount, so again, it's important for you to know your section 218 coverage, if any.

To know if your state has a Section 218 Agreement, visit the Social Security Administration Website at [SSA.gov](http://SSA.gov) and enter Election Workers in their Search bar.

If an employee's compensation is under an applicable limit, it will be exempt the Social Security and Medicare wages of election work from FICA taxes.

It is important to note that once you meet or exceed the exemption amount, ALL the compensation to that individual is subject to Social Security and Medicare taxes. Not just the amount over the exemption limit.

Finally, let's answer the question, when do I need to report the election worker compensation on a Form W-2?

There are two guidelines to follow when determining the proper payroll reporting of wages paid to an election worker. They are the information reporting requirements of IRC Sections 6041(a) and 6051(a).

Code Section 6041 (a) states that reporting is generally not required to employees whom you pay less than \$600 annually. The exception to 'generally' is when 6051(a) comes in force due to income tax and/or FICA withholding being taken. Code Section 6051(a) requires the information reporting of compensation which is subject to either FICA or income tax withholding.

Therefore, if an election worker's compensation is subject to withholding of FICA tax, reporting is required on Form W-2, regardless of the amount of compensation.

Recall, we mentioned earlier that the employer does not have to withhold INCOME tax even though it is taxable to the employee on their personal returns.

Let's look at some examples to show how all these rules work together.

In example 1, if an election worker receives \$200 in compensation and is not covered by Section 218 agreement, no FICA tax withholding applies as it is under the Social Security mandatory limit if \$1,800. Therefore a Form W-2 is not required to be issued as the

compensation is under the \$600 filing requirement limit.

On the other hand, in example 2, if an election worker receives \$200 in compensation and there is FICA tax withheld due to a Section 218 Agreement which is set the withholding limit at \$100, a Form W-2 must be given to the election worker reporting the compensation of \$200 in Boxes 1, 3 and 5 and the FICA taxes withheld in Boxes 4 and 6.

In example 3, an election worker earned \$1,300 and is not covered by Section 218 agreement, so neither the income tax nor any FICA tax was withheld or matched by her employer. Since the worker exceeded the reportable amount a form W-2 is required to be issued, but the only information required to be entered is the compensation earned in Box 1.

In our next example, another election worker earned the same amount, \$1,300, then later worked extra for a special ballot count and earned another \$500, for a total of \$1,800 in election worker wages. The entire \$1,800 is subject to FICA taxes since the wages are equal to or greater than the exemption amount for 2018.

Therefore, in addition to filing the Form W-2 and reporting wages in Boxes 1, 3, and 5. The payment is subject to FICA withholding which, needs to be reported in boxes 4, and 6.

Think these last two examples through. If you know the worker is going to meet or exceed the exemption amount, you should withhold and match the FICA taxes from the first dollar paid.

How would an employer report the earnings of an election worker who is also an ongoing employee? Example number 5 helps us understand this.

The entity 218 agreement is written to mirror the exemption amount for election workers as announced by the Social Security Administration annually.

The government entity pays a worker \$100 in 2018 for election worker services, and also employs the person in another capacity where the employee earns another \$2,000 which is subject to income tax withholding.

The \$2,000 payment is subject to income tax and FICA withholding, but the \$100 payment is not.

All payments to the worker must be reported as wages in Box 1 on Form W-2 per Sections 6041(a) and 6051(a). Because it made payments in 2018 to the employee equal to \$600 or more, the government entity must report all payments as wages (Box 1) on

Form W-2. Note that a separate W-2 may be used for the town positions the employee is being paid for

In this case, the W-2 for the election work is not going to have any withholding taken (unless the employee requests it). Box 1 will contain a value and it will be \$100. The other W-2, for regular earnings will be filled out as usual including box 1 compensation, boxes 3 and 5 for FICA wages and all the withholding for income tax, social security, and Medicare taxes in boxes 2, 4, and 6.

For more information on tax treatment and reporting of election workers, read these resources on our Webpage "Election Workers: Reporting and Withholding."

From IRS.gov, simply search Election Workers.