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Farm Filings Tax Series

Session 2: Record-keeping Deep Dive

Presented by

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SEARCH

Our FIND YOUR ROUTE search tool helps farmers in the Chicago foodshed find programs and services to meet the needs of their growing farm businesses.



CONNECT

Connect and network with farmers and agricultural experts from across the Chicagoland region with help from our dedicated PARTNER ORGANIZATIONS.



SHARE

Browse our ever-growing RESOURCES portal for articles and videos covering everything from growing organic vegetables to raising livestock on pasture.

routes2farm.org



THANK YOU

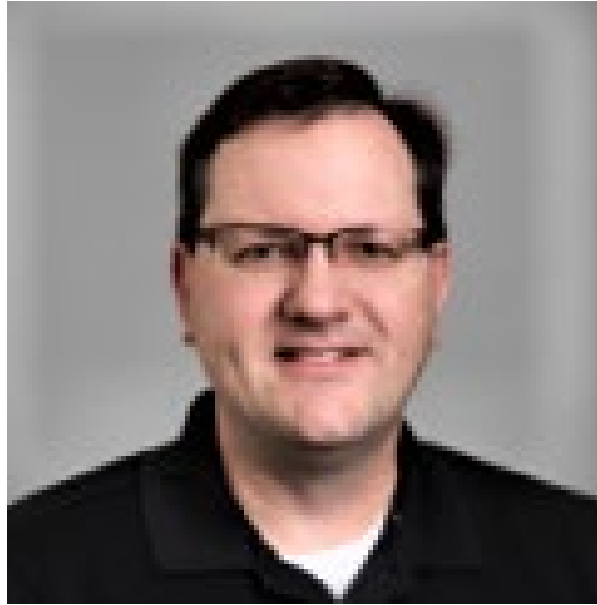
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DEEPER DIVE INTO RECORD-KEEPING

March 16, 2021

www.compeer.com / (844) 426-6733

A large, light blue stylized house icon is centered in the background. It features a chimney on the left side with four vertical bars of increasing height. The house has a simple outline with a gabled roof and a base.

PAYROLL / 1099 VENDORS

A short, horizontal yellow line is positioned below the text.



EMPLOYEES

Who are Employees?

- **Definition:** “Generally, a worker who performs services for you is your employee if you have the right to control what will be done and how it will be done.” You have the right to control the details of how the services are performed.
- **Family Members**



EMPLOYEE FORMS

- **Forms required for hiring employees:**
 - Federal Form W-4
 - + Needs to be kept at least 4 years after filing the 4th quarter for the year.
 - State Form WT-4
 - + Needs to be kept at least 4 years after filing the 4th quarter for the year.
 - Federal Form I-9
 - + Needs to be kept for 3 years after date of hire or one year after employment ends, whichever is later.



PAYROLL LIABILITY TAX FORMS

- **Quarterly Forms/Filings:**

- 941— Employer's Quarterly Federal Tax Return
- UCT-101 – Quarterly Contribution Report/Quarterly Wage Report (SUTA)

- **Annual Forms/Filings**

- 943 – Employer's Annual Federal Tax Return for Agricultural Employees
- 940 – Employer's Annual Federal Unemployment Tax Return (FUTA)
- WT-7 – Employer's Annual Reconciliation (WI Withholding)
- W2 – Employee Wage and Tax Statement



FUTA

FUTA – Federal Unemployment Tax Assessment

- Employer pays based on 6.0% of taxable wages.
- It applies to the first \$7,000 wages paid to each employee during the year.
- It is due last day of the month following the end of the quarter.
- If your total FUTA tax liability is \$500 or less you can make payment when filing form 940 or can send with form.



FUTA

Subject to FUTA and file annual Form 940 if:

- Ag Employers
 - + Paid cash wages of \$20,000 or more in any calendar quarter in current year or preceding year. OR,
 - + Employed 10 or more agricultural workers during at least some part of the day during any 20 or more different weeks in preceding year or current year.



FUTA

Subject to FUTA and file annual Form 940 if:

- Non-Ag Employers:

- + Paid cash wages of \$1500 or more in any calendar quarter in preceding year or current year. OR,
- + Employed one or more employees for at least some part of the day in during 20 or more different weeks in preceding year or current year.



SUTA

SUTA – State Unemployment Tax Assessment

- Employer pays based on a percentage of taxable wages.
- Wage base is \$14,000.
- It is due last day of the month following the end of the quarter.
- If subject to SUTA but not tax liability, still need to file report.
- Generally, Wages subject to FUTA are subject to SUTA.



SUTA

Subject to SUTA if any one of the following:

- Ag Employers:

- + Paid any agricultural employee cash wages of \$20,000 or more to farm workers in any calendar quarter in current year or preceding year. OR,
- + Employed 10 or more farm workers during at least part of the day during any 20 or more different weeks in preceding year or current year.



SUTA

Subject to SUTA if any one of the following:

- Non-Ag Employers:

- + Paid non-agricultural employees wages of \$1500 or more in any calendar quarter in preceding year or current year. Or;
- + Employed 1 or more employees for at least some part of the day in any 20 or more different weeks in preceding year or current year.



GUARANTEED PAYMENTS VS DRAWS

- **Guaranteed Payments** – are made by the partnership to a partner for services rendered to the partnership or for use of capital. These are made without regard to profit and loss.
- **Draws and Distributions** – are amounts withdrawn by a partner from a partnership and will reduce partner's capital account.

VENDORS – 1099 / W-9

- **Form 1099 should be filed annually for each vendor you have paid:**
 - \$600 or more for Interest, Machine Hire/Custom Work, Repair Services, Rents, Commissions, Prizes and other income payments.
 - + Excludes Corporations.
 - \$600 or more for Attorney or Veterinarian Services, Medicines and similar items.
 - + Includes Corporations.
 - \$10 or more in Dividends.
- **Each Vendor should complete a Form W-9 “Request for Taxpayer Identification Number” before payment is made.**

Form W-9 (Rev. November 2017) Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number and Certification ▶ Go to www.irs.gov/FormW9 for instructions and the latest information.	Give Form to the requester. Do not send to the IRS.		
<table border="1"><tr><td data-bbox="341 1243 2038 1325">1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</td></tr><tr><td data-bbox="341 1325 2038 1400">2 Business name/disregarded entity name, if different from above</td></tr></table>			1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	2 Business name/disregarded entity name, if different from above
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2 Business name/disregarded entity name, if different from above				

1099 VENDOR/ SUBCONTRACTORS

DWD – Nine Requirements Test – Independent Contractor

1. Maintain a Separate Business
2. Obtain a FEIN or Have Filed Business or Self-Employment Tax Returns
3. Operate Under Specific Contracts
4. Responsible for Main Expenses
5. Satisfactory Completion of Work or Services
6. Receive Compensation Under a Contract on a Commission, Per Job, or Competitive Bid Basis
7. Realize a Profit or Suffer a Loss
8. Recurring Business Liabilities or Obligations
9. Relationship of Business Receipts to Expenditures

A large, light blue outline of a house with a chimney on the left side, set against a dark teal background. The house has a simple, modern design with rounded corners and a flat roof.

QUESTIONS?

A short, horizontal yellow line located below the word "QUESTIONS?".

THANK YOU!



*Find upcoming events at
routes2farm.org*



*Find resources at
compeer.com*