

Special Classes of Employment and Special Types of Payments	Treatment Under Employment Taxes		
	Income Tax Withholding	Social Security and Medicare	Federal Unemployment
Foreign service by U.S. citizens: 1. As U.S. government employees. 2. For foreign affiliates of American employers and other private employers.	Withhold Exempt if at time of payment (1) it is reasonable to believe employee is entitled to exclusion from income under section 911 or (2) the employer is required by law of the foreign country to withhold income tax on such payment.	Same as within U.S. Exempt unless (1) an American employer by agreement covers U.S. citizens employed by its foreign affiliates or (2) U.S. citizen works for American employer.	Exempt Exempt unless (1) on American vessel or aircraft and work is performed under contract made in U.S. or worker is employed on vessel when it touches U.S. port or (2) U.S. citizen works for American employer (except in a contiguous country with which the U.S. has an agreement for unemployment compensation) or in the U.S. Virgin Islands.
Fringe benefits	Taxable on excess of fair market value of the benefit over the sum of an amount paid for it by the employee and any amount excludable by law. However, special valuation rules may apply. Benefits provided under cafeteria plans may qualify for exclusion from wages for social security, Medicare, and FUTA taxes. See Publication 15-B for details.		
Government employment: State/local governments and political subdivisions, employees of: 1. Salaries and wages (includes payments to most elected and appointed officials.) See Chapter 3 of Publication 963, Federal-State Reference Guide.	Withhold	Generally, taxable for (1) services performed by employees who are either (a) covered under a section 218 agreement or (b) not covered under a section 218 agreement and not a member of a public retirement system (mandatory social security and Medicare coverage), and (2) (for Medicare tax only) for services performed by employees hired or rehired after 3/31/86 who are not covered under a section 218 agreement or the mandatory social security provisions, unless specifically excluded by law. See Publication 963.	Exempt
2. Election workers. Election individuals are workers who are employed to perform services for state or local governments at election booths in connection with national, state, or local elections. Note. File Form W-2 for payments of \$600 or more even if no social security, or Medicare taxes were withheld.	Exempt	Taxable if paid \$1,500 or more in 2010 (lesser amount if specified by a section 218 social security agreement). See Revenue Ruling 2000-6.	Exempt
3. Emergency workers. Emergency workers who were hired on a temporary basis in response to a specific unforeseen emergency and are not intended to become permanent employees. U.S. federal government employees	Withhold Withhold	Exempt if serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency. Taxable for Medicare. Taxable for social security unless hired before 1984. See section 3121(b)(5).	Exempt Exempt



ITG FAQ #1 Answer-How are payments to election workers treated?

Election workers are employees. Therefore, income earned by these workers is subject to federal income tax. Wages of an election worker are not subject to federal income tax withholding. However, election workers earning \$1,400 or more for the 2008 calendar year are subject to FICA tax. Payments of \$600 or more paid to these employees are reported on Form W-2, Wage and Tax Statement, and not Form 1099-MISC, Miscellaneous Income.

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Page Last Reviewed or Updated: December 04, 2009