

■ **WITHHOLDING TAX ACT**

TERMS: A farm employer who pays at least \$2,500 in wages for agricultural labor during the year is required to withhold federal income tax from each worker's wages. In those cases, the employer must also withhold *state* income tax.

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.

No later than the last day of February, the employer is required to provide the worker with a written statement showing the total amount of wages paid to the worker throughout the year and the amount of state income tax withheld.

ENFORCEMENT: *Audit and Compliance Division, New Mexico Department of Taxation and Revenue, Santa Fe, New Mexico 87502 (505-827-0940).*

SPECIAL NOTE: Even when a farm employer is not required to withhold state income taxes from a worker's wages, the worker may have to file a tax return with the state and may, in fact, owe taxes at the end of the year, depending on total income and other circumstances.