

Accounting Aid Society
Payments Received for Services Performed as an Election Worker
Instructions for TaxSlayer Pro Online

IMPORTANT – Instructions for tax year 2022 begin on this page. For tax years 2021 and prior, the instructions begin on page 3.

Background

Individuals who receive payment for services performed as an election worker should report those payments as wages on the federal tax return. According to the IRS, government entities must file a Form W-2 for election workers who receive payments of \$600 or more, even if no FICA and income tax were withheld. However, we are seeing that the City of Detroit and some other government entities are reporting these payments on Form 1099-NEC, Nonemployee Compensation.

Income received as an election worker is not self-employment income and should not be subject to self-employment tax. In addition, it is earned income and should be included in the calculation for the earned income tax credit (EITC) and the additional child tax credit (ACTC). A workaround is required in TaxSlayer to achieve the proper reporting on the tax return for payments received for services performed as an election worker.

Note: Total payment(s) received for election worker services not reported on a Form W-2, 1099-NEC, or 1099-MISC must still be reported on the tax return including amounts less than \$600. See Scenario I below.

Workaround Instructions for TAXSLAYER PRO ONLINE 2022 – Three Scenarios

- Note: If the election worker income is reported on a Form W-2, no additional entries are needed
- For each of the three taxpayer scenarios shown below, the following will be the result of the workaround:
 - The amount paid for election work will be reported as Other earned income on line 1h of the 2022 Form 1040,
 - The amount will be included as earned income for the EITC and ACTC,
 - Schedule SE, Self-Employment Tax, will not be generated for election worker income, and,
 - For those taxpayers who received Form 1099-NEC or Form 1099-MISC, the avoidance of any IRS matching issues.

SCENARIO I (2022) – Taxpayers who received payment for services performed as an election worker and who did *NOT* receive an information return, i.e., W-2, 1099-NEC, or 1099-MISC:

1. Go to Income >> Other Income >> Other Income Not Reported Elsewhere
2. On the *Other Income* page, select “Other Income” from the drop-down menu for Other Income Description
3. Enter “Election Worker Income” for the Description of other income, enter the amount received, and check the box for Earned Income
4. Go to Other Taxes >> Self-Employment Tax
5. On the *Self-Employment Tax* page, under Adjustments to Regular Income, enter the election worker income as a negative number in the field for Adjustment to nonfarm income
6. Note: Line 1h of Form 1040 should now show the payment amount for election work and there should be no self-employment tax for this income on line 4 of Schedule 2

SCENARIO II (2022) – Taxpayers who received Form 1099-NEC, Nonemployee Compensation, reporting payment for election work:

1. Enter information on the *1099-NEC* page (Income >> 1099-NEC)
2. On the *Transferring 1099-NEC to Schedule* page, select Schedule C - Business Income (even if net earnings is less than \$400, the threshold for calculating self-employment tax)
3. On the *Schedule C* page, scroll down and enter “999999” as the Business Code and “Election Worker” as the Description of Business. Click Continue.
4. Select Other Expenses. Enter “Election Worker Offset” as the Description and enter the amount from the 1099-NEC. DO NOT enter any other expenses.
5. Go to Income >> Other Income >> Other Income Not Reported Elsewhere
6. On the *Other Income* page, select “Other Income” from the drop-down menu for Other Income Description
7. Enter “Election Worker Income” for the Description of other income, enter the amount of the payment shown on Form 1099-NEC, and check the box for Earned Income
8. Go to Other Taxes >> Self-Employment Tax
9. On the *Self-Employment Tax* page, under Adjustments to Regular Income, enter the amount from the 1099-NEC as a negative number in the field for Adjustment to nonfarm income
10. Note: Line 1h of Form 1040 should now show the payment amount for election work, the Net profit or (loss) line on Schedule C should be blank, and there should be no self-employment tax for this income on line 4 of Schedule 2

SCENARIO III (2022) – Taxpayers who received Form 1099-MISC, Miscellaneous Income, reporting payment for election work

1. Enter information on the *1099-MISC* page (Income >> 1099-MISC)
2. Go to Income >> Other Income >> Other Income Not Reported Elsewhere and on the *Other Income Item* page, select Add an Other Income Item near the top left of the page
3. On the *Other Income* page, select “Other Income” from the drop-down menu for Other Income Description
4. Enter “Election Worker Offset” as the description and enter the amount from Form 1099-MISC as a negative number. DO NOT check the Earned Income checkbox. Click Continue.
5. On the *Other Income Item* page, select Add an Other Income Item near the top left of the page
6. On the *Other Income* page, select “Other Income” from the drop-down menu for Other Income Description
7. Enter “Election Worker Income” for the Description of other income, enter the amount of the payment shown on Form 1099-MISC, and check the box for Earned Income
8. Go to Other Taxes >> Self-Employment Tax
9. On the *Self-Employment Tax* page, scroll down to Adjustments to Regular Income, and enter the amount from the 1099-MISC as a negative number in the field for Adjustment to nonfarm income
10. Note: Line 1h of Form 1040 should now show the payment amount for election work; Schedule 1, line 8z, should be blank for this income; and there should be no self-employment tax for this income on line 4 of Schedule 2

Workaround Instructions for TAXSLAYER PRO ONLINE 2021 AND PRIOR – Three Scenarios

- For each of the three taxpayer scenarios shown below, the following will be the result of the workaround:
 - The amount paid for election work will be reported as wages (line 1 of Form 1040),
 - The amount will be included as earned income,
 - Schedule SE, Self-Employment Tax, will not be generated, and,
 - For those taxpayers who received Form 1099-NEC or Form 1099-MISC, the avoidance of any IRS matching issues.
- After the workaround entries are completed, “HSH” will be printed on the dotted line to the left of the amount of wages shown on the PDF of the 1040. Please inform taxpayers that this is where their payments for election work are being accurately reported.
- All of the entries below are in the Federal Section of TaxSlayer

SCENARIO I (2021 and prior) – Taxpayers who received payment for services performed as an election worker and who did *NOT* receive an information return, i.e., W-2, 1099-NEC, or 1099-MISC:

1. Go to Income >> Less Common Income >> Other Compensation >> Household Employee Income
2. On the *Enter Household Employee Income* page, click on the Itemized Amounts icon located to the right of the Amount Paid entry field
3. Enter “Election Worker” for the description and enter the amount of the payment
4. Note: The wages line on the PDF of Form 1040 should show the payment amount for election work

SCENARIO II (2021 and prior) – Taxpayers who received Form 1099-NEC, Nonemployee Compensation, reporting payment for election work:

1. Enter information on the *1099-NEC* page (Income >> 1099-NEC)
2. On the *Transferring 1099-NEC to Schedule C* page, select CREATE SCHEDULE C (even if income is less than \$400, the threshold for calculating self-employment tax)
3. On the *Schedule C* page, scroll down and enter “999999” as the Business Code and “Election Worker” as the Description of Business. Click Continue.
4. Select Other Expenses. Enter “Election Worker Offset” as the Description and enter the amount from the 1099-NEC. DO NOT enter any other expenses.
5. Go to Income >> Less Common Income >> Other Compensation >> Household Employee Income
6. On the *Enter Household Employee Income* page, click on the Itemized Amounts icon located to the right of the Amount Paid entry field
7. Enter “Election Worker” for the description and enter the amount of the payment shown on Form 1099-NEC
8. Note: The wages line on the PDF of Form 1040 should show the payment amount for election work and the Net profit or (loss) line on Schedule C should be blank

SCENARIO III (2021 and prior) – Taxpayers who received Form 1099-MISC, Miscellaneous Income, reporting payment for election work (This may apply for tax years 2019 and prior.):

1. Enter information on the *1099-MISC* page (Income >> 1099-MISC)
2. Go to Income >> Less Common Income >> Other Income Not Reported Elsewhere
3. On the *Other Income* page, enter “Election Worker Offset” as the description and enter *as a negative*, the amount from Form 1099-MISC. DO NOT check the Earned Income checkbox.
4. Go to Income >> Less Common Income >> Other Compensation >> Household Employee Income
5. On the *Enter Household Employee Income* page, click on the Itemized Amounts icon located to the right of the Amount Paid entry field
6. Enter “Election Worker” for the description and enter the amount of the payment shown on Form 1099-MISC
7. Note: The wages line on the PDF of Form 1040 should show the payment amount for election work and Schedule 1, line 8 should be blank for this income