## Farmers – Have Special Rules Form 943 and W-2

**Do you have to file Form 943 for 2026?**
**Not necessarily just because you paid your children.** The IRS generally requires Form 943 when either of these tests is met:

- You pay a farm worker $150 or more in cash wages during the year for farm work.
- You pay $2,500 or more in total wages to all farm workers during the year.

The special family-employment exemptions matter here. If your only employees are your own children under 18, and their wages are exempt from Social Security and Medicare taxes and no federal income tax withholding applies, you may not have a new Form 943 filing requirement based solely on those wages.

**However, if you have previously filed Form 943, the IRS generally requires you to continue filing annually until you file a final return.**

For wages paid in 2026, any required W-2s are generally due to your children and the Social Security Administration by **February 1, 2027**, because January 31 falls on a Sunday.

## Form 941 and W-2

**The $2,000 threshold is the key issue for Form W-2, but it does not automatically eliminate Form 941 filing requirements.** For children employed by a parent's sole proprietorship, the answer depends on the child's age, whether any federal income tax was withheld, and whether the business has other employees.
The IRS's 2026 instructions for Forms W-2 and W-3 specifically address the $2,000 threshold.

**IRS rules for 2026**
Assuming the children are genuine employees of their parent's sole proprietorship and each earned **less than $2,000 for the year**:

| Requirement | IRS treatment |
|---|---|
| Form W-2 | Generally, the new $2,000 threshold means no W-2 is required if wages are below $2,000 and no tax-withholding rule independently requires one. |
| Form 941 | The $2,000 threshold does not, itself, exempt the business from filing Form 941. Whether a return is required depends on the employer's overall payroll and filing obligations. |

| Requirement | IRS treatment |
|---|---|
| Social Security and Medicare | Wages paid to a child under age 18 by a parent's sole proprietorship are exempt from these taxes. For ages 18–20, these taxes generally apply. |
| FUTA (federal unemployment tax) | Wages paid to a child under age 21 by a parent's sole proprietorship are exempt. |
| Federal income tax withholding | Wages paid to a child working in the business are generally subject to income tax withholding rules, regardless of age. |

**One important distinction:** If the children are the *only* employees and each earned less than $2,000, the W-2 exception may apply, but you should not assume that it automatically eliminates Form 941. If the children are under 18 and no federal income tax was withheld, the payroll reporting analysis is different from that for children aged 18–20.

The IRS has adopted a **new $2,000 Form W-2 reporting threshold for wages paid after December 31, 2025**. The important detail is that this rule **applies only when no federal income tax, Social Security tax, or Medicare tax was withheld.**

**What the new rule means**

| Wages paid to an employee in 2026 | Is a W-2 required? |
|---|---|
| Less than $2,000, with no federal income tax, Social Security, or Medicare tax withheld | Generally, no, unless another reporting rule applies |
| $2,000 or more, with no such taxes withheld | Yes |
| Any amount, if one of those taxes was withheld | Yes |

**For your specific situation: children working for a parent**

If a child earns less than $2,000 in 2026 working in a parent's sole proprietorship:

- **Under age 18:** Social Security and Medicare taxes generally do not apply to those wages, and FUTA generally does not apply if the child is under 21.

- **W-2:** The new threshold may eliminate the W-2 requirement if no federal income tax, Social Security tax, or Medicare tax was withheld and no other W-2 filing condition applies. The IRS describes this as a limited exception.

- **Form 941:** The $2,000 W-2 threshold itself does not eliminate a Form 941 filing obligation. Whether you must file depends on your payroll tax obligations and filing status.

For wages paid in 2026, any required W-2s are generally due to your children and the Social Security Administration by **February 1, 2027**, because January 31 falls on a Sunday.

**Important disclaimer**

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