

STATE OF HAWAII ELECTION PAY: TAXABILITY AND REPORTING REQUIREMENTS

This information is pertinent to the State of Hawaii Office of Elections only.

- Election pay is taxable income, but is not subject to federal income tax withholding.
- State of Hawaii's Section 218 Agreement exempts election pay from Social Security and Medicare taxes if the election pay is less than the federal threshold amount, currently set at \$1,800 in calendar year 2018. This amount is indexed and may change annually.
- If election pay is \$1,800 or greater, Social Security and Medicare taxes must be withheld for the total amount and not just the amount in excess of \$1,800.
- A W-2 is required to be issued if election pay is \$600 or more. Example: If election pay is \$700 and the election worker did not receive other wages from the state, the W-2 would reflect \$700 in box 1 only.
- A W-2 is required if the worker's combined wages (election pay + regular wages) from the State is \$600 or more. Separate W-2 forms may be issued for election pay and for regular wages. If election pay is less than federal threshold, election pay is not reported as Social Security and Medicare Wages but should be reported as Federal Wages (box 1 of W-2).
- 1099 should not be used to report election pay.