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(iii) *Disposition of statement.* The original of the statement shall be retained by the employer. The duplicate copy of the statement shall be sent by the employer to the Director of International Operations, Washington, D.C. 20225, on or before the last day of the calendar year in which the employer receives the statement from the employee.

(iv) *Applicability of subparagraph.* This subparagraph has no application with respect to any payment of remuneration which is not subject to withholding by reason of any other provision of the regulations in this subpart.

(13) *Federal employees resident in Puerto Rico.* Except as provided in paragraph (d) of §31.3401(a)(6)–1, the term ''wages'' includes remuneration for services performed by a nonresident alien individual who is a resident of Puerto Rico if such services are performed as an employee of the United States or any agency thereof. The place where the services are performed is immaterial for purposes of this subparagraph.

(14) *Supplemental unemployment compensation benefits.* (i) Supplemental unemployment compensation benefits paid to an individual after December 31, 1970, shall be treated (for purposes of the provisions of Subparts E, F, and G of this part which relate to withholding of income tax) as if they were wages, to the extent such benefits are includible in the gross income of such individual.

(ii) For purposes of this subparagraph, the term ''supplemental unemployment compensation benefits'' means amounts which are paid to an employee, pursuant to a plan to which the employer is a party, because of the employee's involuntary separation from the employment of the employer, whether or not such separation is temporary, but only when such separation is one resulting directly from a reduction in force, the discontinuance of a plant or operation, or other similar conditions.

(iii) For the meanings of the terms ''involuntary separation from the employment of the employer'' and ''other similar conditions'', see subparagraphs (3) and (4) of §1.501(c)(17)–1(b) of this chapter (Income Tax Regulations).

(iv) As used in this subparagraph, the term ''employee'' means an employee within the meaning of paragraph (a) of §31.3401(c)–1, the term ''employer'' means an employer within the meaning of paragraph (a) of §31.3401(d)–1, and the term ''employment'' means employment as defined under the usual common law rules.

(v) References in this chapter to wages as defined in section 3401(a) shall be deemed to refer also to supplemental unemployment compensation benefits which are treated under this subparagraph as if they were wages.

(c) *Geographical definitions.* For definition of the term ''United States'' and for other geographical definitions relating to the Continental Shelf see section 638 and §1.638–1 of this chapter.

[T.D. 6516, 25 FR 13032, Dec. 20, 1960, as amended by T.D. 6654, 28 FR 5251, May 28, 1963; T.D. 6908, 31 FR 16775, Dec. 31, 1966; T.D. 7001, 34 FR 1000, Jan. 23, 1969; T.D. 7068, 35 FR 17328, Nov. 11, 1970; T.D. 7277, 38 FR 12742, May 15, 1973; T.D. 7493, 42 FR 33728, July 1, 1977; T.D. 7670, 45 FR 6932, Jan. 31, 1980; T.D. 7888, 48 FR 17587, Apr. 25, 1983; T.D. 8276, 54 FR 51028, Dec. 12, 1989; T.D. 8324, 55 FR 51697, Dec. 17, 1990]

### §31.3401(a)–1T Question and answer relating to the definition of wages in section 3401(a) (Temporary).

The following question and answer relates to the definition of wages in section 3401(a) of the Internal Revenue Code of 1954, as amended by section 531(d)(4) of the Tax Reform Act of 1984 (98 Stat. 886):

*Q–1:* Are fringe benefits included in the definition of ''wages'' under section 3401(a)?

*A–1:* Yes, unless specifically excluded from the definition of ''wages'' pursuant to section 3401(a) (1) through (20). For example, a fringe benefit provided to or on behalf of an employee is excluded from the definition of ''wages'' if at the time such benefit is provided it is reasonable to believe that the employee will be able to exclude such benefit from income under section 117 or 132.

[T.D. 8004, 50 FR 756, Jan. 7, 1985]

### §31.3401(a)–2 Exclusions from wages.

(a) *In general.* (1) The term ''wages'' does not include any remuneration for