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incidental services by the employee who makes the sale to the ultimate consumer, such as services in assembling newspapers or in taking newspapers or magazines to the place of sale, is considered to be within the exception.

§ 31.3401(a)(11)–1 Remuneration other than in cash for service not in the course of employer's trade or business.

(a) Remuneration paid in any medium other than cash for services not in the course of the employer's trade or business is excepted from wages and hence is not subject to withholding. Cash remuneration includes checks and other monetary media of exchange. Remuneration paid in any medium other than cash, such as lodging, food, or other goods or commodities, for services not in the course of the employer's trade or business does not constitute wages. Remuneration paid in any medium other than cash for other types of services does not come within this exception from wages. For provisions relating to cash remuneration for service not in the course of employer's trade or business, see § 31.3401(a)(4)–1.

(b) As used in this section, the term ''services not in the course of the employer's trade or business'' has the same meaning as when used in § 31.3401(a)(4)–1.

§ 31.3401(a)(12)–1 Payments from or to certain tax-exempt trusts, or under or to certain annuity plans or bond purchase plans, or to individual retirement plans.

(a) *Payments from or to certain taxexempt trusts.* The term ''wages'' does not include any payment made—

(1) By an employer, on behalf of an employee or his beneficiary, into a trust, or

(2) To, or on behalf of, an employee or his beneficiary from a trust,

if at the time of such payment the trust is exempt from tax under section 501(a) as an organization described in section 401(a). A payment made to an employee of such a trust for services rendered as an employee of the trust and not as a beneficiary thereof is not within this exclusion from wages. Also, since supplemental unemployment compensation benefits are treated under paragraph (b) (14) of § 31.3401 (a)–1 as if they were wages for purposes of this chapter, this section does not apply to such benefits.

(b) *Payments under or to certain annuity plans.* (1) The term ''wages'' does not include any payment made after December 31, 1962—

(i) By an employer, on behalf of an employee or his beneficiary, into an annuity plan, or

(ii) To, or on behalf of, an employee or his beneficiary under an annuity plan, if at the time of such payment the annuity plan is a plan described in section 403(a).

(2) The term ''wages'' does not include any payment made before January 1, 1963—

(i) By an employer, on behalf of an employee or his beneficiary, into an annuity plan, or

(ii) To, or on behalf of, an employee or his beneficiary under an annuity plan, if at the time of such payment the annuity plan meets the requirements of section 401 (a) (3), (4), (5), and (6).

(c) *Payments under or to certain bond purchase plans.* The term ''wages'' does not include any payment made after December 31, 1962—

(1) By an employer, on behalf of an employee or his beneficiary, into a bond purchase plan, or

(2) To, or on behalf of, an employee or his beneficiary under a bond purchase plan,

if at the time of such payment the plan is a qualified bond purchase plan described in section 405(a).

(d) *Payment to individual retirement plans.* (1) The term ''wages'' does not include any payment to an individual retirement plan described in section 7701(a)(37) by an employer after December 31, 1974, on behalf of an employee, if, at the time of such payment, it is reasonable for the employer to believe that the employee will be entitled to a deduction for such payment under section 219(a).

(2) The term ''wages'' does not include any payment to an individual retirement plan described in section 7701(a)(37) by an employer after December 31, 1976, on behalf of an employee, if, at the time of such payment, it is reasonable for the employer to believe

that the employee on whose behalf the payment is made will be entitled to a deduction for such payment under section 220(a).

(3) The term ''wages'' does not include any payment to a simplified employee pension arrangement described in section 408(k) by an employer after December 31, 1978, on behalf of an employee, if, at the time of such payment, it is reasonable for the employer to believe that the employee on whose behalf the payment is made will be entitled to a deduction for such payment under section 219(a).

[T.D. 6654, 28 FR 5252, May 28, 1963, as amended by T.D. 7068, 35 FR 17329, Nov. 11, 1970; T.D. 7730, 45 FR 72652, Nov. 3, 1980]

§ 31.3401(a)(13)–1 Remuneration for services performed by Peace Corps volunteers.

(a) Remuneration paid after September 22, 1961, for services performed as a volunteer or volunteer leader within the meaning of the Peace Corps Act (22 U.S.C. 2501) is excepted from wages, and hence is not subject to withholding, unless the remuneration is paid pursuant to section 5(c) or section 6(1) of the Peace Corps Act.

(b) Sections 5 and 6 of the Peace Corps Act (22 U.S.C. 2504, 2505) provide, in part, as follows:

Sec. 5 *Peace Corps Volunteers* [Peace Corps Act (75 Stat. 613); as amended by sec. 2(b), Act of December 13, 1963 (P.L. 88–200, 77 Stat. 359); sec. 2(a), Act of August 24, 1965, (P.L. 89–134, 79 Stat. 549); sec. 3(a), Act of July 24, 1970 (P.L. 91–352, 84 Stat. 464)]

* * * * *

(c) *Readjustment allowances.* Volunteers shall be entitled to receive a readjustment allowance at a rate not to exceed $75 for each month of satisfactory service as determined by the President; except that, in the cases of volunteers who have one or more minor children at the time of their entering a period of pre-enrollment training, one parent shall be entitled to receive a readjustment allowance at a rate not to exceed $125 for each month of satisfactory service as determined by the President. The readjustment allowance of each volunteer shall be payable on his return to the United States: *Provided, however,* That, under such circumstances as the President may determine, the accrued readjustment allowance, or any part thereof, may be paid to the volunteer, members of his family or others, during the period of his service, or prior to his return to the United States. In the event of the volunteer's death during the period of his service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of section 5582(b) of Title 5. For purposes of the Internal Revenue Code of 1954, a volunteer shall be deemed to be paid and to receive each amount of a readjustment allowance to which he is entitled after December 31, 1964, when such amount is transferred from funds made available under this chapter to the fund from which such readjustment allowance is payable.

* * * * *

Sec. 6 Peace Corps Volunteer Leaders; number; applicability of chapter; benefits [Peace Corps Act (75 Stat. 615), as amended by sec. 3, Act of December 13, 1963 (P.L. 88–200, 77 Stat. 360)] The President may enroll in the Peace Corps qualified citizens or nationals of the United States whose services are required for supervisory or other special duties or responsibilities in connection with programs under this chapter (referred to in this Act as ''volunteer leaders''). The ratio of the total number of volunteer leaders to the total number of volunteers in service at any one time shall not exceed one to twenty-five. Except as otherwise provided in this Act, all of the provisions of this Act applicable to volunteers shall be applicable to volunteer leaders, and the term ''volunteers'' shall include ''volunteer leaders'': *Provided, however,* That—

(1) Volunteer leaders shall be entitled to receive a readjustment allowance at a rate not to exceed $125 for each month of satisfactory service as determined by the President;

[T.D. 6654, 28 FR 5252, May 28, 1963, as amended by T.D. 7493, 42 FR 33729, July 1, 1977]

§ 31.3401(a)(14)–1 Group-term life insurance.

(a) The cost of group-term life insurance on the life of an employee is excepted from wages, and hence is not subject to withholding. For provisions relating generally to such remuneration, and for reporting requirements with respect to such remuneration, see sections 79 and 6052, respectively, and the regulations thereunder in Part 1 of this chapter (Income Tax Regulations).

(b) The cost of group-term life insurance on the life of an employee's spouse or children is not subject to withholding if it is excludable from the employee's gross income because it is merely incidental. See paragraph