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the treaty country involved, or the District Office, Foreign Operations District.

[34 FR 14601, Sept. 19, 1969, as amended at 49 FR 36500, Sept. 18, 1984]

Subpart C [Reserved]

Subpart D—Provisions Special to Certain Employment Taxes

§ 601.401 Employment taxes.

(a) *General*—(1) *Description of taxes.* Federal employment taxes are imposed by Subtitle C of the Internal Revenue Code. Chapter 21 (Federal Insurance Contributions Act) imposes a tax on employers of one or more individuals and also a tax on employees, with respect to ''wages'' paid and received. Chapter 22 (Railroad Retirement Tax Act) imposes (i) an employer tax and employee tax with respect to ''compensation'' paid and received, (ii) an employee representative tax with respect to ''compensation'' received, and (iii) a supplemental tax on employers, measured by man-hours for which ''compensation'' is paid. Chapter 23 (Federal Unemployment Tax Act) imposes a tax on employers of one or more individuals with respect to ''wages'' paid. Chapter 24 (collection of income tax at source on wages) requires every employer making payment of ''wages'' to deduct and withhold upon such wages the tax computed or determined as provided therein. The tax so deducted and withheld is allowed as a credit against the income tax liability of the employee receiving such wages.

(2) *Applicable regulations.* The descriptive terms used in this section to designate the various classes of taxes are intended only to indicate their general character. Specific information relative to the scope of each tax, the forms used, and the functioning of the Service with respect thereto is contained in the applicable regulations. Copies of all necessary forms, and instructions as to their preparation and filing, may be obtained from the district director of internal revenue.

(3) *Collection methods.* Employment taxes are collected by means of returns and by withholding by employers. Employee tax must be deducted and withheld by employers from ''wages'' or ''compensation'' (including tips reported in writing to employer) paid to employees, and the employer is liable for the employee tax whether or not it is so deducted. For special rules relating to tips see §§ 31.3102–3 and 31.3402(k)–1. Rev. Proc. 81–48, 1981–2 C.B. 623, provides guidelines for determining wages when the employer pays the employee tax imposed by Chapter 21 without deducting the amount from the employee's pay. Employee representatives (as defined in the Railroad Retirement Tax Act) are required to file returns. Employment tax returns must be filed with the district director or, if so provided in instructions applicable to a return, with the service center designated in the instructions. The return of the Federal unemployment tax is required to be filed annually on Form 940 with respect to wages paid during the calendar year. All other returns of Federal employment taxes (with the exception of returns filed for agricultural employees) are required to be filed for each calendar quarter except that if pursuant to regulations the district director so notifies the employer, returns on Form 941 are required to be filed on a monthly basis. In the case of certain employers required to report withheld income tax but not required to report employer and employee taxes imposed by Chapter 21 (for example, state and local government employers), Form 941E is prescribed for reporting on a quarterly basis. The employer and employee taxes imposed by Chapter 21 (other than the employer and employee taxes on wages paid for agricultural labor) and the tax required to be deducted and withheld upon wages by Chapter 24 are combined in a single return on Form 941. In the case of wages paid by employers for domestic service performed in a private home not on a farm operated for profit, the return of both the employee tax and the employer tax imposed by Chapter 21 is on Form 942. However, if the employer is required to file a return for the same quarter on Form 941, the employer may elect to include the taxes with respect to such domestic service on Form 941. The employer and employee taxes imposed by Chapter 21 with respect to