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(c) *Verification of changes.* Written permission to a taxpayer by the National Office consenting to a change in his annual accounting period or to a change in his accounting method is a ''ruling''. Therefore, in the examination of returns involving changes of annual accounting periods and methods of accounting, district directors must determine whether the representations upon which the permission was granted reflect an accurate statement of the material facts, and whether the agreed terms, conditions, and adjustments have been substantially carried out as proposed. An application, Form 3115, filed with the Director of the Internal Revenue Service Center is also subject to similar verification.

(d) *Instructions to taxpayers.* The person seeking to secure the consent of the Commissioner with respect to a change of accounting periods or methods pursuant to section 442 or 446(e) of the Code need not submit the statement of proposed deletions described in § 601.201(e)(5) at the time the request is made. If, however, the person seeking the consent of the Commissioner receives from the National Office a notice that proposed deletions should be submitted because the resulting ruling will be open to public inspection under section 6110, the statement of proposed deletions must be submitted within 20 days after such notice is mailed.

[41 FR 20882, May 21, 1976, as amended at 41 FR 48742, Nov. 5, 1976; 42 FR 34280, July 5, 1977; T.D. 8742, 62 FR 68173, Dec. 31, 1997]

§ 601.205 Tort claims.

Claims for property loss or damage, personal injury, or death caused by the negligent or wrongful act or omission of any employee of the Service, acting within the scope of his office or employment, filed under the Federal Tort Claims Act, as amended, must be prepared and filed in accordance with Treasury Department regulations entitled ''Central Office Procedures'' and ''Claims Regulations'' (31 CFR Parts 1 and 3). Such regulations contain the procedural and substantive requirements relative to such claims, and set forth the manner in which they are handled. The claims should be filed with the Commissioner of Internal Revenue, Washington, DC 20224, and must be filed within 2 years after the accident or incident occurred.

§ 601.206 Certification required to obtain reduced foreign tax rates under income tax treaties.

(a) *Basis of certification.* Most of the income tax treaties between the United States and foreign countries provide for either a reduction in the statutory rate of tax or an exemption from tax on certain types of income received from sources within the foreign treaty country by citizens, domestic corporations, and residents of the United States. Some of the treaty countries reduce the withholding tax on such types of income or exempt the income from withholding tax after the claimant furnishes evidence that he is entitled to the benefits of the treaty. Other countries initially withhold the tax at statutory rates and refund the excess tax withheld after satisfactory evidence of U.S. residence has been accepted. As part of the proof that the applicant is a resident of the United States and thus entitled to the benefits of the treaty, he must usually furnish a certification from the U.S. Government that he has filed a U.S. income tax return as a citizen, domestic corporation, or resident of the United States.

(b) *Procedure for obtaining the certification.* Most of the treaty countries which require certification have printed special forms. The forms contain a series of questions to be answered by the taxpayer claiming the benefits of the treaty, followed by a statement which the foreign governments use for the U.S. taxing authority's certification. This certification may be obtained from the office of the district director of the district in which the claimant filed his latest income tax return. Some certification forms are acceptable for Service execution; however, others cannot be executed by the Service without revision. In these instances the office of the district director will prepare its own document of certification in accordance with internal instructions. This procedure has been accepted by most treaty countries as a satisfactory substitute.

(c) *Obtaining the official certification forms.* The forms may be obtained from the foreign payor, the tax authority of

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