compensation was received), and not the 29.77 percent rate (15.02 percent plus 14.75 percent) in effect for 1989 (the year the services were performed).

(c) (1) Rule where compensation is received both as an employee representative and employee. The following rule applies to an individual who renders service both as an employee representative and as an employee. The employer representative tax is imposed on compensation received as an employee representative under the rules described in §31.3221-2. The employee tax is imposed on compensation received as an employee under the rules described in §31.3201-2. However, if the total compensation received is greater than the applicable contribution base, the employer representative tax is imposed on the amount equal to the contribution base less the amount received for services rendered as an employee.

(2) Example. The rule in paragraph (c)(1) of this section is illustrated by the following example.

Example. C performed services both as an employee and an employee representative in 1992. C received compensation of $40,000 as an employee and $20,000 as an employee representative. C's entire compensation of $40,000 is subject to tax under the rules described in §31.3201-2. The amount of employee representative compensation subject to the section 3101(a) and the section 3111(a) rate is $15,500 ($55,500 - $40,000). The entire $20,000 is subject to the sections 3101(b) and 3111(b) rates since the combined compensation is less than $130,200, the applicable contribution base for 1992. The amount of the employee representative compensation subject to the section 3211(a)(2) rate is $1,400 ($41,400 - $40,000).

[59 FR 66190, Dec. 23, 1994]

§31.3221-3 Employee representative supplemental tax.

See paragraphs (a), (b), and (c) of §31.3221-3 for rules applicable to the supplemental tax for each work-hour for which compensation is paid to an employee representative for services rendered as an employee representative.


§31.3221-4 Determination of compensation.

See §31.3231(c)-1 for regulations applicable to compensation.