

## Subtitle C—Employment Taxes

- CHAPTER 21. Federal insurance contributions act.  
 CHAPTER 22. Railroad retirement tax act.  
 CHAPTER 23. Federal unemployment tax act.  
 CHAPTER 24. Collection of income tax at source on wages.  
 CHAPTER 25. General provisions relating to employment taxes.

### CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

- SUBCHAPTER A. Tax on employees.  
 SUBCHAPTER B. Tax on employers.  
 SUBCHAPTER C. General provisions.

#### Subchapter A—Tax on Employees

- Sec. 3101. Rate of tax.  
 Sec. 3102. Deduction of tax from wages.

#### SEC. 3101. RATE OF TAX.

In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

- (1) with respect to wages received during the calendar years 1955 to 1959, both inclusive, the rate shall be 2 percent;
- (2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 2½ percent;
- (3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 percent;
- (4) with respect to wages received after December 31, 1969, the rate shall be 3¼ percent.

#### SEC. 3102. DEDUCTION OF TAX FROM WAGES.

(a) REQUIREMENT.—The tax imposed by section 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid.

(b) INDEMNIFICATION OF EMPLOYER.—Every employer required so to deduct the tax shall be liable for the payment of such tax, and shall be indemnified against the claims and demands of any person for the amount of any such payment made by such employer.

## Subchapter B—Tax on Employers

Sec. 3111. Rate of tax.

Sec. 3112. Instrumentalities of the United States.

### SEC. 3111. RATE OF TAX.

In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

- (1) with respect to wages paid during the calendar years 1955 to 1959, both inclusive, the rate shall be 2 percent;
- (2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 2½ percent;
- (3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 percent;
- (4) with respect to wages paid after December 31, 1969, the rate shall be 3¼ percent.

### SEC. 3112. INSTRUMENTALITIES OF THE UNITED STATES.

Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 3111 unless such other provision of law grants a specific exemption, by reference to section 3111 (or the corresponding section of prior law), from the tax imposed by such section.

## Subchapter C—General Provisions

Sec. 3121. Definitions.

Sec. 3122. Federal service.

Sec. 3123. Deductions as constructive payments.

Sec. 3124. Estimate of revenue reduction.

Sec. 3125. Short title.

### SEC. 3121. DEFINITIONS.

(a) **WAGES.**—For purposes of this chapter, the term “wages” means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to \$3,600 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to \$3,600 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

(2) the amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of—

(A) retirement, or

(B) sickness or accident disability, or

(C) medical or hospitalization expenses in connection with sickness or accident disability, or

(D) death;

(3) any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

(4) any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of 6 calendar months following the last calendar month in which the employee worked for such employer;

(5) any payment made to, or on behalf of, an employee or his beneficiary—

(A) from or to a trust described in section 401 (a) which is exempt from tax under section 501 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or

(B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 401 (a) (3), (4), (5), and (6);

(6) the payment by an employer (without deduction from the remuneration of the employee)—

(A) of the tax imposed upon an employee under section 3101 (or the corresponding section of prior law), or

(B) of any payment required from an employee under a State unemployment compensation law;

(7) (A) remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in the quarter for such service is less than \$50 or the employee is not regularly employed by the employer in such quarter of payment. For purposes of this subparagraph, an employee shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(i) on each of some 24 days during the quarter the employee performs for the employer for some portion of the day domestic service in a private home of the employer, or

(ii) the employee was regularly employed (as determined under clause (i)) by the employer in the performance of such service during the preceding calendar quarter.

As used in this subparagraph, the term "domestic service in a private home of the employer" does not include service described in subsection (g) (5);

(8) remuneration paid in any medium other than cash for agricultural labor;

(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 65, if he did not work for the employer in the period for which such payment is made; or

(10) remuneration paid by an employer in any calendar quarter to an employee for service described in subsection (d) (3) (C) (relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50.

(b) **EMPLOYMENT.**—For purposes of this chapter, the term “employment” means any service performed after 1936 and prior to 1955 which was employment for purposes of subchapter A of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1954 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (h)); except that, in the case of service performed after 1954, such term shall not include—

(1) (A) agricultural labor (as defined in subsection (g)) performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor (other than service described in subparagraph (B)) is \$50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For purposes of this subparagraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(i) such individual performs agricultural labor (other than service described in subparagraph (B)) for such employer on a full-time basis on 60 days during such quarter, and

(ii) the quarter was immediately preceded by a qualifying quarter.

For purposes of the preceding sentence, the term “qualifying quarter” means—

(I) any quarter during all of which such individual was continuously employed by such employer, or

(II) any subsequent quarter which meets the test of clause (i) if, after the last quarter during all of which such individual was continuously employed by such employer, each intervening quarter met the test of clause (i).

Notwithstanding the preceding provisions of this subparagraph, an individual shall also be deemed to be regularly employed by an employer during a calendar quarter if such individual was regularly employed (upon application of clauses (i) and (ii)) by such employer during the preceding calendar quarter;

(B) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, § 3; 12 U. S. C. 1141j), or in connection with the ginning of cotton;

(C) service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468);

(2) domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is

enrolled and is regularly attending classes at a school, college, or university;

(3) service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is \$50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(A) on each of some 24 days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or

(B) such individual was regularly employed (as determined under subparagraph (A)) by such employer in the performance of such service during the preceding calendar quarter.

As used in this paragraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5);

(4) service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

(5) service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;

(6) service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 3111 by virtue of any provision of law which specifically refers to such section (or the corresponding section of prior law) in granting such exemption;

(7) (A) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

(B) service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code of 1939 on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—

(i) service performed in the employ of a corporation which is wholly owned by the United States;

(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

(iii) service performed in the employ of a State, county, or community committee under the Commodity Stabilization Service; or

(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other

activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department;

(C) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner, of or to the Congress;

(ii) in the legislative branch;

(iii) in the field service of the Post Office Department unless performed by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;

(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;

(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) because he is paid on a contract or fee basis;

(vi) by any individual as an employee receiving nominal compensation of \$12 or less per annum;

(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (60 Stat. 1011; 22 U. S. C. 951);

(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government) (61 Stat. 727; 5 U. S. C. 1052);

(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

(xii) as a member of a State, county, or community committee under the Commodity Stabilization Service or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

(xiii) by an individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement system;

(8) service (other than service which, under subsection (j), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality

of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

(9) (A) service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(B) service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a), but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (k) (or the corresponding subsection of prior law), is in effect if such service is performed by an employee—

(i) whose signature appears on the list filed by such organization under subsection (k) (or the corresponding subsection of prior law), or

(ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;

(10) service performed by an individual as an employee or employee representative as defined in section 3231;

(11) (A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501 (a) (other than an organization described in section 401 (a)) or under section 521, if the remuneration for such service is less than \$50;

(B) service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

(12) service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

(13) service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) if the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) if the Secretary of State shall certify to the Secretary that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

(14) service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an intern in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law;

(15) service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any

such individual as an ordinary incident to any such activity), except—

(A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and

(B) service performed on or in connection with a vessel of more than 10 net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);

(16) (A) service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or

(17) service performed in the employ of an international organization.

(c) INCLUDED AND EXCLUDED SERVICE.—For purposes of this chapter, if the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term “pay period” means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by subsection (b) (10).

(d) EMPLOYEE.—For purposes of this chapter, the term “employee” means—

(1) any officer of a corporation; or

(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or

(3) any individual (other than an individual who is an employee under paragraph (1) or (2)) who performs services for remuneration for any person—

(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

(B) as a full-time life insurance salesman;

(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed; or

(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;

if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term "employee" under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.

(e) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

(1) STATE.—The term "State" includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(2) UNITED STATES.—The term "United States" when used in a geographical sense includes Puerto Rico and the Virgin Islands.

An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.

(f) AMERICAN VESSEL AND AIRCRAFT.—For purposes of this chapter, the term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State; and the term "American aircraft" means an aircraft registered under the laws of the United States.

(g) AGRICULTURAL LABOR.—For purposes of this chapter, the term "agricultural labor" includes all service performed—

(1) on a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

(2) in the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other

debris left by a hurricane, if the major part of such service is performed on a farm;

(3) in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, § 3; 12 U. S. C. 1141j), or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes;

(4) (A) in the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed;

(B) in the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than 20 at any time during the calendar quarter in which such service is performed;

(C) the provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption; or

(5) on a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(h) AMERICAN EMPLOYER.—For purposes of this chapter, the term "American employer" means an employer which is—

(1) the United States or any instrumentality thereof,

(2) an individual who is a resident of the United States,

(3) a partnership, if two-thirds or more of the partners are residents of the United States,

(4) a trust, if all of the trustees are residents of the United States, or

(5) a corporation organized under the laws of the United States or of any State.

(i) COMPUTATION OF WAGES IN CERTAIN CASES.—For purposes of this chapter, in the case of domestic service described in subsection

(a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this chapter, be computed to the nearest dollar. For the purpose of

the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

(j) COVERED TRANSPORTATION SERVICE.—For purposes of this chapter—

(1) EXISTING TRANSPORTATION SYSTEMS—GENERAL RULE.—Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

(2) EXISTING TRANSPORTATION SYSTEMS—CASES IN WHICH NO TRANSPORTATION EMPLOYEES, OR ONLY CERTAIN EMPLOYEES, ARE COVERED.—Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and substantially all service in connection with the operation of the transportation system was, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951; except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

(D) prior to such acquisition rendered service in employment (including as employment service covered by an agreement under section 218 of the Social Security Act) in connection with the operation of such part of the transportation system acquired by the State or political subdivision,

the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

(3) TRANSPORTATION SYSTEMS ACQUIRED AFTER 1950.—All service performed in the employ of a State or political subdivision thereof

in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

(4) DEFINITIONS.—For purposes of this subsection—

(A) The term “general retirement system” means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired constituted employment under this chapter or subchapter A of chapter 9 of the Internal Revenue Code of 1939 or was covered by an agreement made pursuant to section 218 of the Social Security Act and some of such employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

(C) The term “political subdivision” includes an instrumentality of—

- (i) a State,
- (ii) one or more political subdivisions of a State, or
- (iii) a State and one or more of its political subdivisions.

(k) EXEMPTION OF RELIGIOUS, CHARITABLE, AND CERTAIN OTHER ORGANIZATIONS.—

(1) WAIVER OF EXEMPTION BY ORGANIZATION.—An organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees and that at least two-thirds of its employees concur in the filing of the certificate. Such certificate may be filed only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended, at any time prior to the expiration of the first month following the first calendar quarter for which the certificate is in effect, by filing with such official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this chapter. The certificate shall be in effect (for purposes of subsection (b) (9) (B) and for purposes of section 210 (a) (9) (B) of

the Social Security Act) for the period beginning with the first day following the close of the calendar quarter in which such certificate is filed. The period for which a certificate filed pursuant to this subsection or the corresponding subsection of prior law is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this chapter.

(2) **TERMINATION OF WAIVER PERIOD BY SECRETARY OR HIS DELEGATE.**—If the Secretary or his delegate finds that any organization which filed a certificate pursuant to this subsection or the corresponding subsection of prior law has failed to comply substantially with the requirements applicable with respect to the taxes imposed by this chapter or the corresponding provisions of prior law or is no longer able to comply with the requirements applicable with respect to the taxes imposed by this chapter, the Secretary or his delegate shall give such organization not less than 60 days' advance notice in writing that the period covered by such certificate will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the organization. No notice of termination or of revocation thereof shall be given under this paragraph to an organization without the prior concurrence of the Secretary of Health, Education, and Welfare.

(3) **NO RENEWAL OF WAIVER.**—In the event the period covered by a certificate filed pursuant to this subsection or the corresponding subsection of prior law is terminated by the organization, no certificate may again be filed by such organization pursuant to this subsection.

#### **SEC. 3122. FEDERAL SERVICE.**

In the case of the taxes imposed by this chapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the determination whether an individual has performed service which constitutes employment as defined in section 3121 (b), the determination of the amount of remuneration for such service which constitutes wages as defined in section 3121 (a), and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to such service without regard to the \$3,600 limitation in section 3121 (a) (1), and he shall not be required to obtain a refund of the tax paid under section 3111 on that part of the remuneration not included in wages by

reason of section 3121 (a) (1). The provisions of this section shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this section the Secretary of Defense shall be deemed to be the head of such instrumentality.

**SEC. 3123. DEDUCTIONS AS CONSTRUCTIVE PAYMENTS.**

Whenever under this chapter or any act of Congress, or under the law of any State, an employer is required or permitted to deduct any amount from the remuneration of an employee and to pay the amount deducted to the United States, a State, or any political subdivision thereof, then for purposes of this chapter the amount so deducted shall be considered to have been paid to the employee at the time of such deduction.

**SEC. 3124. ESTIMATE OF REVENUE REDUCTION.**

The Secretary or his delegate at intervals of not longer than 3 years shall estimate the reduction in the amount of taxes collected under this chapter by reason of the operation of section 3121 (b) (10) and shall include such estimate in his annual report.

**SEC. 3125. SHORT TITLE.**

This chapter may be cited as the "Federal Insurance Contributions Act."



**CHAPTER 22—RAILROAD RETIREMENT TAX ACT**

- SUBCHAPTER A. Tax on employees.
- SUBCHAPTER B. Tax on employee representatives.
- SUBCHAPTER C. Tax on employers.
- SUBCHAPTER D. General provisions.

**Subchapter A—Tax on Employees**

Sec. 3201. Rate of tax.

Sec. 3202. Deduction of tax from compensation.

**SEC. 3201. RATE OF TAX.**

In addition to other taxes, there is hereby imposed on the income of every employee a tax equal to  $6\frac{1}{4}$  percent of so much of the compensation paid to such employee after December 31, 1954, for services rendered by him after such date as is not in excess of \$300 for any calendar month.

**SEC. 3202. DEDUCTION OF TAX FROM COMPENSATION.**

(a) REQUIREMENT.—The tax imposed by section 3201 shall be collected by the employer of the taxpayer by deducting the amount of the tax from the compensation of the employee as and when paid. If an employee is paid compensation after December 31, 1954, by more than one employer for services rendered during any calendar month after 1954 and the aggregate of such compensation is in excess of \$300, the tax to be deducted by each employer other than a subordinate unit of a national railway-labor-organization employer from the compensation paid by him to the employee with respect to such month shall be that proportion of the tax with respect to such compensation paid by all such employers which the compensation paid by him after December 31, 1954, to the employee for services rendered during such month bears to the total compensation paid by all such employers after December 31, 1954, to such employee for services rendered during such month; and in the event that the compensation so paid by such employers to the employee for services rendered during such month is less than \$300, each subordinate unit of a national railway-labor-organization employer shall deduct such proportion of any additional tax as the compensation paid by such employer after December 31, 1954, to such employee for services rendered during such month bears to the total compensation paid by all such employers after December 31, 1954, to such employee for services rendered during such month.

(b) INDEMNIFICATION OF EMPLOYER.—Every employer required under subsection (a) to deduct the tax shall be made liable for the payment of such tax and shall not be liable to any person for the amount of any such payment.

## Subchapter B—Tax on Employee Representatives

Sec. 3211. Rate of tax.

Sec. 3212. Determination of compensation.

### SEC. 3211. RATE OF TAX.

In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to 12½ percent of so much of the compensation, paid to such employee representative after December 31, 1954, for services rendered by him after such date as is not in excess of \$300 for any calendar month.

### SEC. 3212. DETERMINATION OF COMPENSATION.

The compensation of an employee representative for the purpose of ascertaining the tax thereon shall be determined in the same manner and with the same effect as if the employee organization by which such employee representative is employed were an employer as defined in section 3231 (a).

(a) Requirement.—The tax imposed by section 3201 shall be collected by the employer of the taxpayer by deducting the amount of the tax from the compensation of the employee as and when paid. If an employee is paid compensation after December 31, 1954, by more than one employer for services rendered during any calendar month after 1954 and the aggregate of such compensation is in excess of \$300, the tax to be deducted by each employer other than a subordinate unit of a national railway-labor-organization employer from the compensation paid by him to the employee with respect to such month shall be that proportion of the tax with respect to such compensation paid by all such employers which the compensation paid by him after December 31, 1954, to the employee for services rendered during such month bears to the total compensation paid by all such employers after December 31, 1954, to such employee for services rendered during such month; and in the event that the compensation so paid by such employers to the employee for services rendered during such month is less than \$300, each subordinate unit of a national railway-labor-organization employer shall deduct such proportion of any additional tax as the compensation paid by such employer after December 31, 1954, to such employee for services rendered during such month bears to the total compensation paid by all such employers after December 31, 1954, to such employee for services rendered during such month.

(b) Imputation of Employer.—Every employer required under subsection (a) to deduct the tax shall be made liable for the payment of such tax and shall not be liable to any person for the amount of any such payment.

## Subchapter C—Tax on Employers

Sec. 3221. Rate of tax.

### SEC. 3221. RATE OF TAX.

In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to  $6\frac{1}{4}$  percent of so much of the compensation paid by such employer after December 31, 1954, for services rendered to him after December 31, 1954, as is, with respect to any employee for any calendar month, not in excess of \$300; except that if an employee is paid compensation after December 31, 1954, by more than one employer for services rendered during any calendar month after 1954, the tax imposed by this section shall apply to not more than \$300 of the aggregate compensation paid to such employee by all such employers after December 31, 1954, for services rendered during such month, and each employer other than a subordinate unit of a national railway-labor-organization employer shall be liable for that proportion of the tax with respect to such compensation paid by all such employers which the compensation paid by him after December 31, 1954, to the employee for services rendered during such month bears to the total compensation paid by all such employers after December 31, 1954, to such employee for services rendered during such month; and in the event that the compensation so paid by such employers to the employee for services rendered during such month is less than \$300, each subordinate unit of a national railway-labor-organization employer shall be liable for such proportion of any additional tax as the compensation paid by such employer after December 31, 1954, to such employee for services rendered during such month bears to the total compensation paid by all such employers after December 31, 1954, to such employee for services rendered during such month.

## Subchapter D—General Provisions

- Sec. 3231. Definitions.  
Sec. 3232. Court jurisdiction.  
Sec. 3233. Short title.

### SEC. 3231. DEFINITIONS.

(a) **EMPLOYER.**—For purposes of this chapter, the term “employer” means any carrier (as defined in subsection (g)), and any company which is directly or indirectly owned or controlled by one or more such carriers or under common control therewith, and which operates any equipment or facility or performs any service (except trucking service, casual service, and the casual operation of equipment or facilities) in connection with the transportation of passengers or property by railroad, or the receipt, delivery, elevation, transfer in transit, refrigeration or icing, storage, or handling of property transported by railroad, and any receiver, trustee, or other individual or body, judicial or otherwise, when in the possession of the property or operating all or any part of the business of any such employer; except that the term “employer” shall not include any street, interurban, or suburban electric railway, unless such railway is operating as a part of a general steam-railroad system of transportation, but shall not exclude any part of the general steam-railroad system of transportation now or hereafter operated by any other motive power. The Interstate Commerce Commission is hereby authorized and directed upon request of the Secretary or his delegate, or upon complaint of any party interested, to determine after hearing whether any line operated by electric power falls within the terms of this exception. The term “employer” shall also include railroad associations, traffic associations, tariff bureaus, demurrage bureaus, weighing and inspection bureaus, collection agencies and other associations, bureaus, agencies, or organizations controlled and maintained wholly or principally by two or more employers as hereinbefore defined and engaged in the performance of services in connection with or incidental to railroad transportation; and railway labor organizations, national in scope, which have been or may be organized in accordance with the provisions of the Railway Labor Act, as amended (44 Stat. 577; 45 U. S. C., chapter 8), and their State and National legislative committees and their general committees and their insurance departments and their local lodges and divisions, established pursuant to the constitutions and bylaws of such organizations. The term “employer” shall not include any company by reason of its being engaged in the mining of coal, the supplying of coal to an employer where delivery is not beyond the mine tipple, and the operation of equipment or facilities therefor, or in any of such activities.

(b) **EMPLOYEE.**—For purposes of this chapter, the term “employee” means any individual in the service of one or more employers for compensation; except that the term “employee” shall include an employee of a local lodge or division defined as an employer in subsection (a)

only if he was in the service of or in the employment relation to a carrier on or after August 29, 1935. An individual shall be deemed to have been in the employment relation to a carrier on August 29, 1935, if—

(1) he was on that date on leave of absence from his employment, expressly granted to him by the carrier by whom he was employed, or by a duly authorized representative of such carrier, and the grant of such leave of absence was established to the satisfaction of the Railroad Retirement Board before July 1947; or

(2) he was in the service of a carrier after August 29, 1935, and before January 1946 in each of 6 calendar months, whether or not consecutive; or

(3) before August 29, 1935, he did not retire and was not retired or discharged from the service of the last carrier by whom he was employed or its corporate or operating successor, but—

(A) solely by reason of his physical or mental disability he ceased before August 29, 1935, to be in the service of such carrier and thereafter remained continuously disabled until he attained age 65 or until August 1945, or

(B) solely for such last stated reason a carrier by whom he was employed before August 29, 1935, or a carrier who is its successor did not on or after August 29, 1935, and before August 1945 call him to return to service, or

(C) if he was so called he was solely for such reason unable to render service in 6 calendar months as provided in paragraph (2); or

(4) he was on August 29, 1935, absent from the service of a carrier by reason of a discharge which, within 1 year after the effective date thereof, was protested, to an appropriate labor representative or to the carrier, as wrongful, and which was followed within 10 years of the effective date thereof by his reinstatement in good faith to his former service with all his seniority rights;

except that an individual shall not be deemed to have been on August 29, 1935, in the employment relation to a carrier if before that date he was granted a pension or gratuity on the basis of which a pension was awarded to him pursuant to section 6 of the Railroad Retirement Act of 1937 (50 Stat. 312; 45 U. S. C. 228f), or if during the last payroll period before August 29, 1935, in which he rendered service to a carrier he was not in the service of an employer, in accordance with subsection (d), with respect to any service in such payroll period, or if he could have been in the employment relation to an employer only by reason of his having been, either before or after August 29, 1935, in the service of a local lodge or division defined as an employer in subsection (a). The term "employee" includes an officer of an employer. The term "employee" shall not include any individual while such individual is engaged in the physical operations consisting of the mining of coal, the preparation of coal, the handling (other than movement by rail with standard railroad locomotives) of coal not beyond the mine tippie, or the loading of coal at the tippie.

(c) EMPLOYEE REPRESENTATIVE.—For purposes of this chapter, the term "employee representative" means any officer or official representative of a railway labor organization other than a labor organization included in the term "employer" as defined in subsection (a),

who before or after June 29, 1937, was in the service of an employer as defined in subsection (a) and who is duly authorized and designated to represent employees in accordance with the Railway Labor Act (44 Stat. 577; 45 U. S. C., chapter 8), as amended, and any individual who is regularly assigned to or regularly employed by such officer or official representative in connection with the duties of his office.

(d) SERVICE.—For purposes of this chapter, an individual is in the service of an employer whether his service is rendered within or without the United States, if—

(1) he is subject to the continuing authority of the employer to supervise and direct the manner of rendition of his service, or he is rendering professional or technical services and is integrated into the staff of the employer, or he is rendering, on the property used in the employer's operations, other personal services the rendition of which is integrated into the employer's operations, and

(2) he renders such service for compensation;

except that an individual shall be deemed to be in the service of an employer, other than a local lodge or division or a general committee of a railway-labor-organization employer, not conducting the principal part of its business in the United States, only when he is rendering service to it in the United States; and an individual shall be deemed to be in the service of such a local lodge or division only if—

(3) all, or substantially all, the individuals constituting its membership are employees of an employer conducting the principal part of its business in the United States; or

(4) the headquarters of such local lodge or division is located in the United States;

and an individual shall be deemed to be in the service of such a general committee only if—

(5) he is representing a local lodge or division described in paragraph (3) or (4) immediately above; or

(6) all, or substantially all, the individuals represented by it are employees of an employer conducting the principal part of its business in the United States; or

(7) he acts in the capacity of a general chairman or an assistant general chairman of a general committee which represents individuals rendering service in the United States to an employer, but in such case if his office or headquarters is not located in the United States and the individuals represented by such general committee are employees of an employer not conducting the principal part of its business in the United States, only such proportion of the remuneration for such service shall be regarded as compensation as the proportion which the mileage in the United States under the jurisdiction of such general committee bears to the total mileage under its jurisdiction, unless such mileage formula is inapplicable, in which case such other formula as the Railroad Retirement Board may have prescribed pursuant to section 1 (c) of the Railroad Retirement Act of 1937 (50 Stat. 308; 45 U. S. C. 228a) shall be applicable, and if the application of such mileage formula, or such other formula as the Board may prescribe, would result in the compensation of the individual being less than 10 percent of his remuneration for such service, no part of such remuneration shall be regarded as compensation;

*Provided however,* That an individual not a citizen or resident of the United States shall not be deemed to be in the service of an employer when rendering service outside the United States to an employer who is required under the laws applicable in the place where the service is rendered to employ therein, in whole or in part, citizens or residents thereof; and the laws applicable on August 29, 1935, in the place where the service is rendered shall be deemed to have been applicable there at all times prior to that date.

(e) COMPENSATION.—For purposes of this chapter—

(1) The term "compensation" means any form of money remuneration earned by an individual for services rendered as an employee to one or more employers, or as an employee representative, including remuneration paid for time lost as an employee, but remuneration paid for time lost shall be deemed earned in the month in which such time is lost. Such term does not include tips, or the voluntary payment by an employer, without deduction from the remuneration of the employee, of the tax imposed on such employee by section 3201. Compensation which is earned during the period for which the Secretary or his delegate shall require a return of taxes under this chapter to be made and which is payable during the calendar month following such period shall be deemed to have been paid during such period only. For the purpose of determining the amount of taxes under sections 3201 and 3221, compensation earned in the service of a local lodge or division of a railway-labor-organization employer shall be disregarded with respect to any calendar month if the amount thereof is less than \$3.

(2) A payment made by an employer to an individual through the employer's payroll shall be presumed, in the absence of evidence to the contrary, to be compensation for service rendered by such individual as an employee of the employer in the period with respect to which the payment is made. An employee shall be deemed to be paid "for time lost" the amount he is paid by an employer with respect to an identifiable period of absence from the active service of the employer, including absence on account of personal injury, and the amount he is paid by the employer for loss of earnings resulting from his displacement to a less remunerative position or occupation. If a payment is made by an employer with respect to a personal injury and includes pay for time lost, the total payment shall be deemed to be paid for time lost unless, at the time of payment, a part of such payment is specifically apportioned to factors other than time lost, in which event only such part of the payment as is not so apportioned shall be deemed to be paid for time lost.

(f) COMPANY.—For purposes of this chapter, the term "company" includes corporations, associations, and joint-stock companies.

(g) CARRIER.—For purposes of this chapter, the term "carrier" means an express company, sleeping-car company, or carrier by railroad, subject to part I of the Interstate Commerce Act (49 U. S. C., chapter 1).

#### SEC. 3232. COURT JURISDICTION.

The several district courts of the United States shall have jurisdiction to entertain an application by the Attorney General on behalf of the Secretary or his delegate to compel an employee or other person

residing within the jurisdiction of the court or an employer subject to service of process within its jurisdiction to comply with any obligations imposed on such employee, employer, or other person under the provisions of this chapter. The jurisdiction herein specifically conferred upon such Federal courts shall not be held exclusive of any jurisdiction otherwise possessed by such courts to entertain civil actions, whether legal or equitable in nature, in aid of the enforcement of rights or obligations arising under the provisions of this chapter.

#### SEC. 3233. SHORT TITLE.

This chapter may be cited as the "Railroad Retirement Tax Act."

(1) COMPENSATION.—For purposes of this chapter, the term "compensation" means—

(a) The term "compensation" means—

(i) The term "compensation" means—

(ii) The term "compensation" means—

(iii) The term "compensation" means—

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(xxviii) The term "compensation" means—

(xxix) The term "compensation" means—

(xxx) The term "compensation" means—

(2) A payment made by an employer to an individual through the employer's payroll shall be presumed, in the absence of evidence to the contrary, to be compensation for service rendered by such individual as an employee of the employer in the period with respect to which the payment is made. An employee shall be deemed to be paid "for time lost" the amount he is paid by an employer with respect to an identifiable period of absence from the active service of the employer, including absence on account of personal injury, and the amount he is paid by the employer for loss of earnings resulting from his displacement to a less remunerative position or occupation. If a payment is made by an employer with respect to a personal injury and includes pay for time lost, the total payment shall be deemed to be paid for time lost unless, at the time of payment, a part of such payment is specifically apportioned to factors other than time lost, in which event only such part of the payment as is not so apportioned shall be deemed to be paid for time lost.

(3) COMPANY.—For purposes of this chapter, the term "company" includes corporations, associations, and joint-stock companies.

(4) CARRIER.—For purposes of this chapter, the term "carrier" means an express company, sleeping-car company, or carrier by rail, road, subject to part 1 of the Interstate Commerce Act (49 U. S. C. chapter 1).

#### SEC. 3234. COURT JURISDICTION.

The several district courts of the United States shall have jurisdiction to entertain an application by the Attorney General on behalf of the Secretary or his delegate to compel an employer or other person

**CHAPTER 23—FEDERAL UNEMPLOYMENT TAX ACT**

- Sec. 3301. Rate of tax.
- Sec. 3302. Credits against tax.
- Sec. 3303. Conditions of additional credit allowance.
- Sec. 3304. Approval of State laws.
- Sec. 3305. Applicability of State law.
- Sec. 3306. Definitions.
- Sec. 3307. Deductions as constructive payments.
- Sec. 3308. Short title.

**SEC. 3301. RATE OF TAX**

There is hereby imposed on every employer (as defined in section 3306 (a)) for the calendar year 1955 and for each calendar year thereafter an excise tax, with respect to having individuals in his employ, equal to 3 percent of the total wages (as defined in section 3306 (b)) paid by him during the calendar year with respect to employment (as defined in section 3306 (c)) after December 31, 1938.

**SEC. 3302. CREDITS AGAINST TAX.****(a) CONTRIBUTIONS TO STATE UNEMPLOYMENT FUNDS.—**

(1) The taxpayer may, to the extent provided in this subsection and subsection (c), credit against the tax imposed by section 3301 the amount of contributions paid by him into an unemployment fund maintained during the taxable year under the unemployment compensation law of a State which is certified for the taxable year as provided in section 3304.

(2) The credit shall be permitted against the tax for the taxable year only for the amount of contributions paid with respect to such taxable year.

(3) The credit against the tax for any taxable year shall be permitted only for contributions paid on or before the last day upon which the taxpayer is required under section 6071 to file a return for such year; except that credit shall be permitted for contributions paid after such last day, but such credit shall not exceed 90 percent of the amount which would have been allowable as credit on account of such contributions had they been paid on or before such last day.

(4) Upon the payment of contributions into the unemployment fund of a State which are required under the unemployment compensation law of that State with respect to remuneration on the basis of which, prior to such payment into the proper fund, the taxpayer erroneously paid an amount as contributions under another unemployment compensation law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made at the time of the erroneous payment. If, by reason of such other law, the taxpayer was entitled to cease paying contributions with respect to services subject to such other law, the payment into the proper fund shall, for purposes of credit against the tax, be deemed to have been made on the date the return for the taxable year was filed under section 6071.

(b) **ADDITIONAL CREDIT.**—In addition to the credit allowed under subsection (a), a taxpayer may credit against the tax imposed by section 3301 for any taxable year an amount, with respect to the unemployment compensation law of each State certified for the taxable year as provided in section 3303 (or with respect to any provisions thereof so certified), equal to the amount, if any, by which the contributions required to be paid by him with respect to the taxable year were less than the contributions such taxpayer would have been required to pay if throughout the taxable year he had been subject under such State law to the highest rate applied thereunder in the taxable year to any person having individuals in his employ, or to a rate of 2.7 percent, whichever rate is lower.

(c) **LIMIT ON TOTAL CREDITS.**—

(1) The total credits allowed to a taxpayer under this section shall not exceed 90 percent of the tax against which such credits are allowable.

(2) If an advance or advances have been made to the unemployment account of a State under title XII of the Social Security Act, and if any balance of such advance or advances has not been returned to the Federal unemployment account as provided in that title before December 1 of the taxable year, then the total credits (after other reductions under this section) otherwise allowable under this section for such taxable year in the case of a taxpayer subject to the unemployment compensation law of such State shall be reduced—

(A) in the case of a taxable year beginning with the fourth consecutive January 1 on which such a balance of unreturned advances existed, by 5 percent of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State; and

(B) in the case of any succeeding taxable year beginning with a consecutive January 1 on which such a balance of unreturned advances existed, by an additional 5 percent, for each succeeding taxable year, of the tax imposed by section 3301 with respect to the wages paid by such taxpayer during such taxable year which are attributable to such State.

For purposes of this paragraph, wages shall be attributable to a particular State if they are subject to the unemployment compensation law of the State, or (if not subject to the unemployment compensation law of any State) if they are determined (under rules or regulations prescribed by the Secretary or his delegate) to be attributable to such State.

#### **SEC. 3303. CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE.**

(a) **STATE STANDARDS.**—A taxpayer shall be allowed an additional credit under section 3302 (b) with respect to any reduced rate of contributions permitted by a State law, only if the Secretary of Labor finds that under such law—

(1) no reduced rate of contributions to a pooled fund or to a partially pooled account is permitted to a person (or group of persons) having individuals in his (or their) employ except on the basis of his (or their) experience with respect to unemployment or other factors bearing a direct relation to unemployment risk during

not less than the 3 consecutive years immediately preceding the computation date;

(2) no reduced rate of contributions to a guaranteed employment account is permitted to a person (or a group of persons) having individuals in his (or their) employ unless—

(A) the guaranty of remuneration was fulfilled in the year preceding the computation date; and

(B) the balance of such account amounts to not less than 2½ percent of that part of the payroll or payrolls for the 3 years preceding the computation date by which contributions to such account were measured; and

(C) such contributions were payable to such account with respect to 3 years preceding the computation date;

(3) no reduced rate of contributions to a reserve account is permitted to a person (or group of persons) having individuals in his (or their) employ unless—

(A) compensation has been payable from such account throughout the year preceding the computation date, and

(B) the balance of such account amounts to not less than five times the largest amount of compensation paid from such account within any 1 of the 3 years preceding such date, and

(C) the balance of such account amounts to not less than 2½ percent of that part of the payroll or payrolls for the 3 years preceding such date by which contributions to such account were measured, and

(D) such contributions were payable to such account with respect to the 3 years preceding the computation date.

(b) CERTIFICATION BY THE SECRETARY OF LABOR WITH RESPECT TO ADDITIONAL CREDIT ALLOWANCE.—

(1) On December 31 in each taxable year, the Secretary of Labor shall certify to the Secretary the law of each State (certified with respect to such year by the Secretary of Labor as provided in section 3304) with respect to which he finds that reduced rates of contributions were allowable with respect to such taxable year only in accordance with the provisions of subsection (a).

(2) If the Secretary of Labor finds that under the law of a single State (certified by the Secretary of Labor as provided in section 3304) more than one type of fund or account is maintained, and reduced rates of contributions to more than one type of fund or account were allowable with respect to any taxable year, and one or more of such reduced rates were allowable under conditions not fulfilling the requirements of subsection (a), the Secretary of Labor shall, on December 31 of such taxable year, certify to the Secretary only those provisions of the State law pursuant to which reduced rates of contributions were allowable with respect to such taxable year under conditions fulfilling the requirements of subsection (a), and shall, in connection therewith, designate the kind of fund or account, as defined in subsection (c), established by the provisions so certified. If the Secretary of Labor finds that a part of any reduced rate of contributions payable under such law or under such provisions is required to be paid into one fund or account and a part into another fund or account, the Secretary of Labor shall make such certification pursuant to this paragraph as

he finds will assure the allowance of additional credits only with respect to that part of the reduced rate of contributions which is allowed under provisions which do fulfill the requirements of subsection (a).

(3) The Secretary of Labor shall, within 30 days after any State law is submitted to him for such purpose, certify to the State agency his findings with respect to reduced rates of contributions to a type of fund or account, as defined in subsection (c), which are allowable under such State law only in accordance with the provisions of subsection (a). After making such findings, the Secretary of Labor shall not withhold his certification to the Secretary of such State law, or of the provisions thereof with respect to which such findings were made, for any taxable year pursuant to paragraph (1) or (2) unless, after reasonable notice and opportunity for hearing to the State agency, the Secretary of Labor finds the State law no longer contains the provisions specified in subsection (a) or the State has, with respect to such taxable year, failed to comply substantially with any such provision.

(c) DEFINITIONS.—As used in this section—

(1) RESERVE ACCOUNT.—The term “reserve account” means a separate account in an unemployment fund, maintained with respect to a person (or group of persons) having individuals in his (or their) employ, from which account, unless such account is exhausted, is paid all and only compensation payable on the basis of services performed for such person (or for one or more of the persons comprising the group).

(2) POOLED FUND.—The term “pooled fund” means an unemployment fund or any part thereof (other than a reserve account or a guaranteed employment account) into which the total contributions of persons contributing thereto are payable, in which all contributions are mingled and undivided, and from which compensation is payable to all individuals eligible for compensation from such fund.

(3) PARTIALLY POOLED ACCOUNT.—The term “partially pooled account” means a part of an unemployment fund in which part of the fund all contributions thereto are mingled and undivided, and from which part of the fund compensation is payable only to individuals to whom compensation would be payable from a reserve account or from a guaranteed employment account but for the exhaustion or termination of such reserve account or of such guaranteed employment account. Payments from a reserve account or guaranteed employment account into a partially pooled account shall not be construed to be inconsistent with the provisions of paragraph (1) or (4).

(4) GUARANTEED EMPLOYMENT ACCOUNT.—The term “guaranteed employment account” means a separate account, in an unemployment fund, maintained with respect to a person (or group of persons) having individuals in his (or their) employ who, in accordance with the provisions of the State law or of a plan thereunder approved by the State agency,

(A) guarantees in advance at least 30 hours of work, for which remuneration will be paid at not less than stated rates, for each of 40 weeks (or if more, 1 weekly hour may be deducted

for each added week guaranteed) in a year, to all the individuals who are in his (or their) employ in, and who continue to be available for suitable work in, one or more distinct establishments, except that any such individual's guaranty may commence after a probationary period (included within the 11 or less consecutive weeks immediately following the first week in which the individual renders services), and

(B) gives security or assurance, satisfactory to the State agency, for the fulfillment of such guaranties, from which account, unless such account is exhausted or terminated, is paid all and only compensation, payable on the basis of services performed for such person (or for one or more of the persons comprising the group), to any such individual whose guaranteed remuneration has not been paid (either pursuant to the guaranty or from the security or assurance provided for the fulfillment of the guaranty), or whose guaranty is not renewed and who is otherwise eligible for compensation under the State law.

(5) YEAR.—The term "year" means any 12 consecutive calendar months.

(6) BALANCE.—The term "balance", with respect to a reserve account or a guaranteed employment account, means the amount standing to the credit of the account as of the computation date; except that, if subsequent to January 1, 1940, any moneys have been paid into or credited to such account other than payments thereto by persons having individuals in their employ, such term shall mean the amount in such account as of the computation date less the total of such other moneys paid into or credited to such account subsequent to January 1, 1940.

(7) COMPUTATION DATE.—The term "computation date" means the date, occurring at least once in each calendar year and within 27 weeks prior to the effective date of new rates of contributions, as of which such rates are computed.

(8) REDUCED RATE.—The term "reduced rate" means a rate of contributions lower than the standard rate applicable under the State law, and the term "standard rate" means the rate on the basis of which variations therefrom are computed.

(d) VOLUNTARY CONTRIBUTIONS.—A State law may, without being deemed to violate the standards set forth in subsection (a), permit voluntary contributions to be used in the computation of reduced rates if such contributions are paid prior to the expiration of 120 days after the beginning of the year for which such rates are effective.

#### SEC. 3304. APPROVAL OF STATE LAWS.

(a) REQUIREMENTS.—The Secretary of Labor shall approve any State law submitted to him, within 30 days of such submission, which he finds provides that—

(1) all compensation is to be paid through public employment offices or such other agencies as the Secretary of Labor may approve;

(2) no compensation shall be payable with respect to any day of unemployment occurring within 2 years after the first day of the first period with respect to which contributions are required;

(3) all money received in the unemployment fund shall (except for refunds of sums erroneously paid into such fund and except for refunds paid in accordance with the provisions of section 3305 (b))

immediately upon such receipt be paid over to the Secretary to the credit of the Unemployment Trust Fund established by section 904 of the Social Security Act (49 Stat. 640; 52 Stat. 1104, 1105; 42 U. S. C. 1104);

(4) all money withdrawn from the unemployment fund of the State shall be used solely in the payment of unemployment compensation, exclusive of expenses of administration, and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 3305 (b); except that—

(A) an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of cash benefits to individuals with respect to their disability, exclusive of expenses of administration; and

(B) the amounts specified by section 903 (c) (2) of the Social Security Act may, subject to the conditions prescribed in such section, be used for expenses incurred by the State for administration of its unemployment compensation law and public employment offices;

(5) compensation shall not be denied in such State to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(A) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

(B) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality;

(C) if as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization;

(6) all the rights, privileges, or immunities conferred by such law or by acts done pursuant thereto shall exist subject to the power of the legislature to amend or repeal such law at any time.

(b) NOTIFICATION.—The Secretary of Labor shall, upon approving such law, notify the governor of the State of his approval.

(c) CERTIFICATION.—On December 31 of each taxable year the Secretary of Labor shall certify to the Secretary each State whose law he has previously approved, except that he shall not certify any State which, after reasonable notice and opportunity for hearing to the State agency, the Secretary of Labor finds has amended its law so that it no longer contains the provisions specified in subsection (a) or has with respect to such taxable year failed to comply substantially with any such provision and such finding has become effective. Such finding shall become effective on the 90th day after the governor of the State has been notified thereof, unless the State has before such 90th day so amended its law that it will comply substantially with the Secretary of Labor's interpretation of the provision of subsection (a), in which event such finding shall not become effective. No finding of a failure to comply substantially with the provision in State law specified in paragraph (5) of subsection (a) shall be based on an application or interpretation of State law with respect to which further administrative or judicial review is provided for under the laws of the State.

(d) NOTICE OF NONCERTIFICATION.—If, at any time during the taxable year, the Secretary of Labor has reason to believe that a State whose law he has previously approved may not be certified under subsection (c), he shall promptly so notify the governor of such State.

**SEC. 3305. APPLICABILITY OF STATE LAW.**

(a) INTERSTATE AND FOREIGN COMMERCE.—No person required under a State law to make payments to an unemployment fund shall be relieved from compliance therewith on the ground that he is engaged in interstate or foreign commerce, or that the State law does not distinguish between employees engaged in interstate or foreign commerce and those engaged in intrastate commerce.

(b) FEDERAL INSTRUMENTALITIES IN GENERAL.—The legislature of any State may require any instrumentality of the United States (except such as are (1) wholly owned by the United States, or (2) exempt from the tax imposed by section 3301 by virtue of any other provision of law), and the individuals in its employ, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Secretary of Labor under section 3304 and (except as provided in section 5240 of the Revised Statutes, as amended (12 U. S. C. 484), and as modified by subsection (c)) to comply otherwise with such law. The permission granted in this subsection shall apply (A) only to the extent that no discrimination is made against such instrumentality, so that if the rate of contribution is uniform upon all other persons subject to such law on account of having individuals in their employ, and upon all employees of such persons, respectively, the contributions required of such instrumentality or the individuals in its employ shall not be at a greater rate than is required of such other persons and such employees, and if the rates are determined separately for different persons or classes of persons having individuals in their employ or for different classes of employees, the determination shall be based solely upon unemployment experience and other factors bearing a direct relation to unemployment risk, and (B) only if such State law makes provision for the refund of any contributions required under such law from an instrumentality of the United States or its employees for any year in the event said State is not certified by the Secretary of Labor under section 3304 with respect to such year.

(c) NATIONAL BANKS.—Nothing contained in section 5240 of the Revised Statutes, as amended (12 U. S. C. 484), shall prevent any State from requiring any national banking association to render returns and reports relative to the association's employees, their remuneration and services, to the same extent that other persons are required to render like returns and reports under a State law requiring contributions to an unemployment fund. The Comptroller of the Currency shall, upon receipt of a copy of any such return or report of a national banking association from, and upon request of, any duly authorized official, body, or commission of a State, cause an examination of the correctness of such return or report to be made at the time of the next succeeding examination of such association, and shall thereupon transmit to such official, body, or commission a complete statement of his findings respecting the accuracy of such returns or reports.

(d) **FEDERAL PROPERTY.**—No person shall be relieved from compliance with a State unemployment compensation law on the ground that services were performed on land or premises owned, held, or possessed by the United States, and any State shall have full jurisdiction and power to enforce the provisions of such law to the same extent and with the same effect as though such place were not owned, held, or possessed by the United States.

(e) **BONNEVILLE POWER ADMINISTRATOR.**—The legislature of any State may, with respect to service performed after December 31, 1945, by a laborer, mechanic, or workman, in connection with construction work or the operation and maintenance of electrical facilities, as an employee performing service for the Bonneville Power Administrator, require the Administrator, who for purposes of this subsection is designated an instrumentality of the United States, and any such employee, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Secretary of Labor under section 3304 and to comply otherwise with such law. Such permission is subject to the conditions imposed by subsection (b) of this section upon permission to State legislatures to require contributions from instrumentalities of the United States. The Bonneville Power Administrator is authorized and directed to comply with the provisions of any applicable State unemployment compensation law on behalf of the United States as the employer of individuals whose service constitutes employment under such law by reason of this subsection.

(f) **AMERICAN VESSELS.**—The legislature of any State in which a person maintains the operating office, from which the operations of an American vessel operating on navigable waters within or within and without the United States are ordinarily and regularly supervised, managed, directed and controlled, may require such person and the officers and members of the crew of such vessel to make contributions to its unemployment fund under its State unemployment compensation law approved by the Secretary of Labor under section 3304 and otherwise to comply with its unemployment compensation law with respect to the service performed by an officer or member of the crew on or in connection with such vessel to the same extent and with the same effect as though such service was performed entirely within such State. Such person and the officers and members of the crew of such vessel shall not be required to make contributions, with respect to such service, to the unemployment fund of any other State. The permission granted by this subsection is subject to the condition that such service shall be treated, for purposes of wage credits given employees, like other service subject to such State unemployment compensation law performed for such person in such State, and also subject to the same limitation, with respect to contributions required from such person and from the officers and members of the crew of such vessel, as is imposed by the second sentence (other than clause (B) thereof) of subsection (b) with respect to contributions required from instrumentalities of the United States and from individuals in their employ.

(g) **VESSELS OPERATED BY GENERAL AGENTS OF UNITED STATES.**—The permission granted by subsection (f) shall apply in the same manner and under the same conditions (including the obligation to

comply with all requirements of State unemployment compensation laws) to general agents of the Secretary of Commerce with respect to service performed on or after July 1, 1953, by officers and members of the crew on or in connection with American vessels—

- (1) owned by or bareboat chartered to the United States, and
- (2) whose business is conducted by such general agents.

As to any such vessel, the State permitted to require contributions on account of such service shall be the State to which the general agent would make contributions if the vessel were operated for his own account. Such general agents are designated, for this purpose, instrumentalities of the United States not wholly owned by it and shall not be exempt from the tax imposed by section 3301. The permission granted by this subsection is subject to the same conditions and limitations as are imposed in subsection (f), except that clause (B) of the second sentence of subsection (b) shall apply.

(h) **REQUIREMENT BY STATE OF CONTRIBUTIONS.**—Any State may, as to service performed on or after July 1, 1953, and on account of which contributions are made pursuant to subsection (g)—

- (1) require contributions from persons performing such service under its unemployment compensation law or temporary disability insurance law administered in connection therewith, and
- (2) require general agents of the Secretary of Commerce to make contributions under such temporary disability insurance law and to make such deductions from wages or remuneration as are required by such unemployment compensation or temporary disability insurance law.

(i) **GENERAL AGENT AS LEGAL ENTITY.**—Each general agent of the Secretary of Commerce making contributions pursuant to subsection (g) or (h) shall, for purposes of such subsections, be considered a legal entity in his capacity as an instrumentality of the United States, separate and distinct from his identity as a person employing individuals on his own account.

#### SEC. 3306. DEFINITIONS.

(a) **EMPLOYER.**—For purposes of this chapter, the term “employer” does not include any person unless on each of some 20 days during the taxable year, each day being in a different calendar week, the total number of individuals who were employed by him in employment for some portion of the day (whether or not at the same moment of time) was eight or more.

(b) **WAGES.**—For purposes of this chapter, the term “wages” means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

- (1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to \$3,000 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after

the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to \$3,000 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

(2) the amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of—

- (A) retirement, or
- (B) sickness or accident disability, or
- (C) medical or hospitalization expenses in connection with sickness or accident disability, or
- (D) death;

(3) any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

(4) any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of 6 calendar months following the last calendar month in which the employee worked for such employer;

(5) any payment made to, or on behalf of, an employee or his beneficiary—

(A) from or to a trust described in section 401 (a) which is exempt from tax under section 501 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or

(B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 401 (a) (3), (4), (5), and (6);

(6) the payment by an employer (without deduction from the remuneration of the employee)—

(A) of the tax imposed upon an employee under section 3101 (or the corresponding section of prior law), or

(B) of any payment required from an employee under a State unemployment compensation law;

(7) remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business;

(8) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 65, if he did not work for the employer in the period for which such payment is made.

(c) EMPLOYMENT.—For purposes of this chapter, the term "employment" means any service performed prior to 1955, which was employment for purposes of subchapter C of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1954 by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, or (B) on or in connection with an American vessel under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—

(1) agricultural labor (as defined in subsection (k));

(2) domestic service in a private home, local college club, or local chapter of a college fraternity or sorority;

(3) service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is \$50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(A) on each of some 24 days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or

(B) such individual was regularly employed (as determined under subparagraph (A)) by such employer in the performance of such service during the preceding calendar quarter;

(4) service performed on or in connection with a vessel not an American vessel by an employee, if the employee is employed on and in connection with such vessel when outside the United States;

(5) service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

(6) service performed in the employ of the United States Government or of an instrumentality of the United States which is—

(A) wholly owned by the United States, or

(B) exempt from the tax imposed by section 3301 by virtue of any other provision of law;

(7) service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions; and any service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 3301;

(8) service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

(9) service performed by an individual as an employee or employee representative as defined in section 1 of the Railroad Unemployment Insurance Act (52 Stat. 1094, 1095; 45 U. S. C. 351);

(10) (A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501 (a) (other than an organization described in section 401 (a)) or under section 521, if—

(i) the remuneration for such service is less than \$50, or

(ii) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office, or is ritualistic service in connection with any such society, order, or association, or

(iii) such service is performed by a student who is enrolled and is regularly attending classes at a school, college, or university;

(B) service performed in the employ of an agricultural or horticultural organization described in section 501 (c) (5) which is exempt from tax under section 501 (a);

(C) service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if—

(i) no part of its net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and

(ii) 85 percent or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses;

(D) service performed in the employ of a voluntary employees' beneficiary association providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if—

(i) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and

(ii) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual;

(E) service performed in the employ of a school, college, or university, not exempt from income tax under section 501 (a), if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

(11) service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

(12) service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) if the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) if the Secretary of State shall certify to the Secretary that the foreign government, with respect to whose instrumentality exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

(13) service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an intern in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law;

(14) service performed by an individual for a person as an insurance agent or as an insurance solicitor, if all such service performed by such individual for such person is performed for remuneration solely by way of commission;

(15) (A) service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back;

(16) service performed in the employ of an international organization; or

(17) service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except—

(A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and

(B) service performed on or in connection with a vessel of more than 10 net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States).

(d) INCLUDED AND EXCLUDED SERVICE.—For purposes of this chapter, if the services performed during one-half or more of any pay period by an employee for the person employing him constitute

employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term "pay period" means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by subsection (c) (9).

(e) STATE AGENCY.—For purposes of this chapter, the term "State agency" means any State officer, board, or other authority, designated under a State law to administer the unemployment fund in such State.

(f) UNEMPLOYMENT FUND.—For purposes of this chapter, the term "unemployment fund" means a special fund, established under a State law and administered by a State agency, for the payment of compensation. Any sums standing to the account of the State agency in the Unemployment Trust Fund established by section 904 of the Social Security Act, as amended (49 Stat. 640; 52 Stat. 1104, 1105; 42 U. S. C. 1104), shall be deemed to be a part of the unemployment fund of the State, and no sums paid out of the Unemployment Trust Fund to such State agency shall cease to be a part of the unemployment fund of the State until expended by such State agency. An unemployment fund shall be deemed to be maintained during a taxable year only if throughout such year, or such portion of the year as the unemployment fund was in existence, no part of the moneys of such fund was expended for any purpose other than the payment of compensation (exclusive of expenses of administration) and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 3305 (b); except that—

(1) an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of cash benefits to individuals with respect to their disability, exclusive of expenses of administration; and

(2) the amounts specified by section 903 (c) (2) of the Social Security Act may, subject to the conditions prescribed in such section, be used for expenses incurred by the State for administration of its unemployment compensation law and public employment offices.

(g) CONTRIBUTIONS.—For purposes of this chapter, the term "contributions" means payments required by a State law to be made into an unemployment fund by any person on account of having individuals in his employ, to the extent that such payments are made by him without being deducted or deductible from the remuneration of individuals in his employ.

(h) COMPENSATION.—For purposes of this chapter, the term "compensation" means cash benefits payable to individuals with respect to their unemployment.

(i) EMPLOYEE.—For purposes of this chapter, the term "employee" includes an officer of a corporation, but such term does not include—

(1) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an independent contractor, or

(2) any individual (except an officer of a corporation) who is not an employee under such common law rules.

(j) STATE.—For purposes of this chapter, the term "State" includes Alaska, Hawaii, and the District of Columbia.

(k) AGRICULTURAL LABOR.—For purposes of this chapter, the term "agricultural labor" includes all service performed—

(1) on a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

(2) in the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm;

(3) in connection with the production or harvesting of maple sirup or maple sugar or any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, § 3; 12 U. S. C. 1141j), or in connection with the raising or harvesting of mushrooms, or in connection with the hatching of poultry, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes; or

(4) in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations or, in the case of fruits and vegetables, as an incident to the preparation of such fruits or vegetables for market. The provisions of this paragraph shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms; plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(l) CERTAIN EMPLOYEES OF BONNEVILLE POWER ADMINISTRATOR.—For purposes of this chapter—

(1) The term "employment" shall include such service as is determined by the Bonneville Power Administrator to be performed after December 31, 1945, by a laborer, mechanic, or workman, in connection with construction work or the operation and maintenance of electrical facilities, as an employee performing service for the Administrator.

(2) The term "wages" means, with respect to service which constitutes employment by reason of this subsection, such amount of remuneration as is determined (subject to the provisions of this section) by the Administrator to be paid for such service.

The Administrator is authorized and directed to comply with the provisions of the internal revenue laws on behalf of the United States as the employer of individuals whose service constitutes employment by reason of this subsection.

(m) **AMERICAN VESSEL.**—For purposes of this chapter, the term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

(n) **VESSELS OPERATED BY GENERAL AGENTS OF UNITED STATES.**—Notwithstanding the provisions of subsection (c) (6), service performed on or after July 1, 1953, by officers and members of the crew of a vessel which would otherwise be included as employment under subsection (c) shall not be excluded by reason of the fact that it is performed on or in connection with an American vessel—

- (1) owned by or bareboat chartered to the United States and
- (2) whose business is conducted by a general agent of the Secretary of Commerce.

For purposes of this chapter, each such general agent shall be considered a legal entity in his capacity as such general agent, separate and distinct from his identity as a person employing individuals on his own account, and the officers and members of the crew of such an American vessel whose business is conducted by a general agent of the Secretary of Commerce shall be deemed to be performing services for such general agent rather than the United States. Each such general agent who in his capacity as such is an employer within the meaning of subsection (a) shall be subject to all the requirements imposed upon an employer under this chapter with respect to service which constitutes employment by reason of this subsection.

#### SEC. 3307. DEDUCTIONS AS CONSTRUCTIVE PAYMENTS.

Whenever under this chapter or any act of Congress, or under the law of any State, an employer is required or permitted to deduct any amount from the remuneration of an employee and to pay the amount deducted to the United States, a State, or any political subdivision thereof, then for purposes of this chapter the amount so deducted shall be considered to have been paid to the employee at the time of such deduction.

#### SEC. 3308. SHORT TITLE.

This chapter may be cited as the "Federal Unemployment Tax Act."

## CHAPTER 24—COLLECTION OF INCOME TAX AT SOURCE ON WAGES

Sec. 3401. Definitions.

Sec. 3402. Income tax collected at source.

Sec. 3403. Liability for tax.

Sec. 3404. Return and payment by governmental employer.

### SEC. 3401. DEFINITIONS.

(a) **WAGES.**—For purposes of this chapter, the term “wages” means all remuneration (other than fees paid to a public official) for services performed by an employee for his employer, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include remuneration paid—

(1) for active service as a member of the Armed Forces of the United States performed in a month for which such member is entitled to the benefits of section 112, or

(2) for agricultural labor (as defined in section 3121 (g)), or

(3) for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, or

(4) for service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is \$50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(A) on each of some 24 days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or

(B) such individual was regularly employed (as determined under subparagraph (A)) by such employer in the performance of such service during the preceding calendar quarter, or

(5) for services by a citizen or resident of the United States for a foreign government or an international organization, or

(6) for services performed by a nonresident alien individual, other than—

(A) a resident of a contiguous country who enters and leaves the United States at frequent intervals, or

(B) a resident of Puerto Rico if such services are performed as an employee of the United States or any agency thereof, or

(7) for such services, performed by a nonresident alien individual who is a resident of a contiguous country and who enters and leaves the United States at frequent intervals, as may be designated by regulations prescribed by the Secretary or his delegate, or

(8) (A) for services for an employer (other than the United States or any agency thereof)—

(i) performed by a citizen of the United States if, at the time of the payment of such remuneration, it is reasonable to believe

that such remuneration will be excluded from gross income under section 911, or

(ii) performed in a foreign country by such a citizen if, at the time of the payment of such remuneration, the employer is required by the law of any foreign country to withhold income tax upon such remuneration, or

(B) for services for an employer (other than the United States or any agency thereof) performed by a citizen of the United States within a possession of the United States (other than Puerto Rico), if it is reasonable to believe that at least 80 percent of the remuneration to be paid to the employee by such employer during the calendar year will be for such services, or

(C) for services for an employer (other than the United States or any agency thereof) performed by a citizen of the United States within Puerto Rico, if it is reasonable to believe that during the entire calendar year the employee will be a bona fide resident of Puerto Rico, or

(9) for services performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order, or

(10) (A) for services performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution, or

(B) for services performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back, or

(11) for services not in the course of the employer's trade or business, to the extent paid in any medium other than cash, or

(12) to, or on behalf of, an employee or his beneficiary—

(A) from or to a trust described in section 401 (a) which is exempt from tax under section 501 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or

(B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 401 (a) (3), (4), (5), and (6).

(b) **PAYROLL PERIOD.**—For purposes of this chapter, the term “payroll period” means a period for which a payment of wages is ordinarily made to the employee by his employer, and the term “miscellaneous payroll period” means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(c) **EMPLOYEE.**—For purposes of this chapter, the term “employee” includes an officer, employee, or elected official of the United States,

a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing. The term "employee" also includes an officer of a corporation.

(d) **EMPLOYER.**—For purposes of this chapter, the term "employer" means the person for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that—

(1) if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term "employer" (except for purposes of subsection (a)) means the person having control of the payment of such wages, and

(2) in the case of a person paying wages on behalf of a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, the term "employer" (except for purposes of subsection (a)) means such person.

(e) **NUMBER OF WITHHOLDING EXEMPTIONS CLAIMED.**—For purposes of this chapter, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under section 3402 (f), or in effect under the corresponding section of prior law, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

#### SEC. 3402. INCOME TAX COLLECTED AT SOURCE.

(a) **REQUIREMENT OF WITHHOLDING.**—Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to 18 percent of the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in subsection (b) (1).

(b) **PERCENTAGE METHOD OF WITHHOLDING.**—

(1) The table referred to in subsection (a) is as follows:

Percentage Method Withholding Table

Payroll period	Amount of one withholding exemption
Weekly.....	\$13.00
Biweekly.....	26.00
Semimonthly.....	28.00
Monthly.....	56.00
Quarterly.....	167.00
Semiannual.....	333.00
Annual.....	667.00
Daily or miscellaneous (per day of such period).....	1.80

(2) If wages are paid with respect to a period which is not a payroll period, the withholding exemption allowable with respect to each payment of such wages shall be the exemption allowed for a miscellaneous payroll period containing a number of days (including Sundays and holidays) equal to the number of days in the period with respect to which such wages are paid.

(3) In any case in which wages are paid by an employer with- out regard to any payroll period or other period, the withholding exemption allowable with respect to each payment of such wages shall be the exemption allowed for a miscellaneous payroll period containing a number of days equal to the number of days (includ- ing Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the cal- endar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, which- ever is the later.

(4) In any case in which the period, or the time described in paragraph (3), in respect of any wages is less than one week, the Secretary or his delegate, under regulations prescribed by him, may authorize an employer, in computing the tax required to be deducted and withheld, to use the excess of the aggregate of the wages paid to the employee during the calendar week over the withholding exemption allowed by this subsection for a weekly payroll period.

(5) In determining the amount to be deducted and withheld under this subsection, the wages may, at the election of the em- ployer, be computed to the nearest dollar.

(c) WAGE BRACKET WITHHOLDING.—

(1) At the election of the employer with respect to any employee, the employer shall deduct and withhold upon the wages paid to such employee a tax determined in accordance with the following tables, which shall be in lieu of the tax required to be deducted and withheld under subsection (a):

If the payroll period with respect to an employee is weekly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$0	\$13	18% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$13	\$14	\$2.40	.10	0	0	0	0	0	0	0	0	0
\$14	\$15	2.60	.30	0	0	0	0	0	0	0	0	0
\$15	\$16	2.80	.50	0	0	0	0	0	0	0	0	0
\$16	\$17	3.00	.70	0	0	0	0	0	0	0	0	0
\$17	\$18	3.20	.80	0	0	0	0	0	0	0	0	0
\$18	\$19	3.30	1.00	0	0	0	0	0	0	0	0	0
\$19	\$20	3.50	1.20	0	0	0	0	0	0	0	0	0
\$20	\$21	3.70	1.40	0	0	0	0	0	0	0	0	0
\$21	\$22	3.90	1.60	0	0	0	0	0	0	0	0	0
\$22	\$23	4.10	1.70	0	0	0	0	0	0	0	0	0
\$23	\$24	4.20	1.90	0	0	0	0	0	0	0	0	0
\$24	\$25	4.40	2.10	0	0	0	0	0	0	0	0	0
\$25	\$26	4.60	2.30	0	0	0	0	0	0	0	0	0
\$26	\$27	4.80	2.50	.20	0	0	0	0	0	0	0	0
\$27	\$28	5.00	2.60	.30	0	0	0	0	0	0	0	0
\$28	\$29	5.10	2.80	.50	0	0	0	0	0	0	0	0
\$29	\$30	5.30	3.00	.70	0	0	0	0	0	0	0	0
\$30	\$31	5.50	3.20	.90	0	0	0	0	0	0	0	0
\$31	\$32	5.70	3.40	1.10	0	0	0	0	0	0	0	0
\$32	\$33	5.90	3.50	1.20	0	0	0	0	0	0	0	0
\$33	\$34	6.00	3.70	1.40	0	0	0	0	0	0	0	0
\$34	\$35	6.20	3.90	1.60	0	0	0	0	0	0	0	0
\$35	\$36	6.40	4.10	1.80	0	0	0	0	0	0	0	0
\$36	\$37	6.60	4.30	2.00	0	0	0	0	0	0	0	0
\$37	\$38	6.80	4.40	2.10	0	0	0	0	0	0	0	0
\$38	\$39	6.90	4.60	2.30	0	0	0	0	0	0	0	0
\$39	\$40	7.10	4.80	2.50	.20	0	0	0	0	0	0	0
\$40	\$41	7.30	5.00	2.70	.40	0	0	0	0	0	0	0
\$41	\$42	7.50	5.20	2.90	.50	0	0	0	0	0	0	0

If the payroll period with respect to an employee is weekly—Continued

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$42	\$43	\$7.70	\$5.30	\$3.09	\$0.70	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$43	\$44	7.80	5.50	3.20	.90	0	0	0	0	0	0	0
\$44	\$45	8.00	5.70	3.40	1.10	0	0	0	0	0	0	0
\$45	\$46	8.20	5.90	3.60	1.30	0	0	0	0	0	0	0
\$46	\$47	8.40	6.10	3.80	1.40	0	0	0	0	0	0	0
\$47	\$48	8.60	6.20	3.90	1.60	0	0	0	0	0	0	0
\$48	\$49	8.70	6.40	4.10	1.80	0	0	0	0	0	0	0
\$49	\$50	8.90	6.60	4.30	2.00	0	0	0	0	0	0	0
\$50	\$51	9.10	6.80	4.50	2.20	0	0	0	0	0	0	0
\$51	\$52	9.30	7.00	4.70	2.30	0	0	0	0	0	0	0
\$52	\$53	9.50	7.10	4.80	2.50	.20	0	0	0	0	0	0
\$53	\$54	9.60	7.30	5.00	2.70	.40	0	0	0	0	0	0
\$54	\$55	9.80	7.50	5.20	2.90	.60	0	0	0	0	0	0
\$55	\$56	10.00	7.70	5.40	3.10	.80	0	0	0	0	0	0
\$56	\$57	10.20	7.90	5.60	3.20	.90	0	0	0	0	0	0
\$57	\$58	10.40	8.00	5.70	3.40	1.10	0	0	0	0	0	0
\$58	\$59	10.50	8.20	5.90	3.60	1.30	0	0	0	0	0	0
\$59	\$60	10.70	8.40	6.10	3.80	1.50	0	0	0	0	0	0
\$60	\$62	11.00	8.70	6.40	4.10	1.70	0	0	0	0	0	0
\$62	\$64	11.30	9.00	6.70	4.40	2.10	0	0	0	0	0	0
\$64	\$66	11.70	9.40	7.10	4.80	2.50	.20	0	0	0	0	0
\$66	\$68	12.10	9.80	7.40	5.10	2.80	.50	0	0	0	0	0
\$68	\$70	12.40	10.10	7.80	5.50	3.20	.90	0	0	0	0	0
\$70	\$72	12.80	10.50	8.20	5.90	3.50	1.20	0	0	0	0	0
\$72	\$74	13.10	10.80	8.50	6.20	3.90	1.60	0	0	0	0	0
\$74	\$76	13.50	11.20	8.90	6.60	4.30	2.00	0	0	0	0	0
\$76	\$78	13.90	11.60	9.20	6.90	4.60	2.30	0	0	0	0	0
\$78	\$80	14.20	11.90	9.60	7.30	5.00	2.70	0	0	0	0	0
\$80	\$82	14.60	12.30	10.00	7.70	5.30	3.00	.70	0	0	0	0
\$82	\$84	14.90	12.60	10.30	8.00	5.70	3.40	1.10	0	.40	0	0
\$84	\$86	15.30	13.00	10.70	8.40	6.10	3.80	1.50	0	0	0	0
\$86	\$88	15.70	13.40	11.00	8.70	6.40	4.10	1.80	0	0	0	0
\$88	\$90	16.00	13.70	11.40	9.10	6.80	4.50	2.20	0	0	0	0
\$90	\$92	16.40	14.10	11.80	9.50	7.10	4.80	2.50	.20	0	0	0
\$92	\$94	16.70	14.40	12.10	9.80	7.50	5.20	2.90	.60	0	0	0
\$94	\$96	17.10	14.80	12.50	10.20	7.90	5.60	3.30	.90	0	0	0
\$96	\$98	17.50	15.20	12.80	10.50	8.20	5.90	3.60	1.30	0	0	0
\$98	\$100	17.80	15.50	13.20	10.90	8.60	6.30	4.00	1.70	0	0	0
\$100	\$105	18.50	16.10	13.80	11.50	9.20	6.90	4.60	2.30	0	0	0
\$105	\$110	19.40	17.00	14.70	12.40	10.10	7.80	5.50	3.20	.90	0	0
\$110	\$115	20.30	17.90	15.60	13.30	11.00	8.70	6.40	4.10	1.80	0	0
\$115	\$120	21.20	18.80	16.50	14.20	11.90	9.60	7.30	5.00	2.70	.40	0
\$120	\$125	22.10	19.70	17.40	15.10	12.80	10.50	8.20	5.90	3.60	1.30	0
\$125	\$130	23.00	20.60	18.30	16.00	13.70	11.40	9.10	6.80	4.50	2.20	0
\$130	\$135	23.90	21.50	19.20	16.90	14.60	12.30	10.00	7.70	5.40	3.10	.80
\$135	\$140	24.80	22.40	20.10	17.80	15.50	13.20	10.90	8.60	6.30	4.00	1.70
\$140	\$145	25.70	23.30	21.00	18.70	16.40	14.10	11.80	9.50	7.20	4.90	2.60
\$145	\$150	26.60	24.20	21.90	19.60	17.30	15.00	12.70	10.40	8.10	5.80	3.50
\$150	\$160	27.90	25.60	23.30	21.00	18.70	16.40	14.10	11.70	9.40	7.10	4.80
\$160	\$170	29.70	27.40	25.10	22.80	20.50	18.20	15.90	13.50	11.20	8.90	6.60
\$170	\$180	31.50	29.20	26.90	24.60	22.30	20.00	17.70	15.30	13.00	10.70	8.40
\$180	\$190	33.30	31.00	28.70	26.40	24.10	21.80	19.50	17.10	14.80	12.50	10.20
\$190	\$200	35.10	32.80	30.50	28.20	25.90	23.60	21.30	18.90	16.60	14.30	12.00
18 percent of the excess over \$200 plus—												
\$200 and over		36.00	33.70	31.40	29.10	26.80	24.50	22.20	19.80	17.50	15.20	12.90

If the payroll period with respect to an employee is biweekly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
		18% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$26	\$4.90										
\$26	\$28	5.20	.20									
\$28	\$30	5.60	.60									
\$30	\$32	6.00	1.00									
\$32	\$34	6.30	1.30									
\$34	\$36	6.70	1.70									
\$36	\$38	7.00	2.00									
\$38	\$40	7.40	2.40									
\$40	\$42	7.70	2.80									
\$42	\$44	8.10	3.10									
\$44	\$46	8.50	3.50									
\$46	\$48	8.80	3.80									
\$48	\$50	9.20	4.20									
\$50	\$52	9.50	4.60									
\$52	\$54	9.90	5.00	.30								
\$54	\$56	10.30	5.30	.70								
\$56	\$58	10.60	5.60	1.00								
\$58	\$60	10.60	6.00	1.40								
\$60	\$62	11.00	6.40	1.70								
\$62	\$64	11.30	6.70	2.10								
\$64	\$66	11.70	7.10	2.50								
\$66	\$68	12.10	7.40	2.80								
\$68	\$70	12.40	7.80	3.20								
\$70	\$72	12.80	8.20	3.50								
\$72	\$74	13.10	8.50	3.90								
\$74	\$76	13.50	8.90	4.30								
\$76	\$78	13.90	9.20	4.60								
\$78	\$80	14.20	9.60	5.00	.40							
\$80	\$82	14.60	10.00	5.30	.70							
\$82	\$84	14.90	10.30	5.70	1.10							
\$84	\$86	15.30	10.70	6.10	1.50							
\$86	\$88	15.70	11.00	6.40	1.80							
\$88	\$90	16.00	11.40	6.80	2.20							
\$90	\$92	16.40	11.80	7.10	2.50							
\$92	\$94	16.70	12.10	7.50	2.90							
\$94	\$96	17.10	12.50	7.90	3.30							
\$96	\$98	17.50	12.80	8.20	3.60							
\$98	\$100	17.80	13.20	8.60	4.00							
\$100	\$102	18.20	13.60	8.90	4.30							
\$102	\$104	18.50	13.90	9.30	4.70	.10						
\$104	\$106	18.90	14.30	9.70	5.10	.40						
\$106	\$108	19.30	14.60	10.00	5.40	.80						
\$108	\$110	19.60	15.00	10.40	5.80	1.20						
\$110	\$112	20.00	15.40	10.70	6.10	1.50						
\$112	\$114	20.30	15.70	11.10	6.50	1.90						
\$114	\$116	20.70	16.10	11.50	6.90	2.20						
\$116	\$118	21.10	16.40	11.80	7.20	2.60						
\$118	\$120	21.40	16.80	12.20	7.60	3.00						
\$120	\$124	22.00	17.30	12.70	8.10	3.50						
\$124	\$128	22.70	18.10	13.40	8.80	4.20						
\$128	\$132	23.40	18.80	14.20	9.60	4.90	.30					
\$132	\$136	24.10	19.50	14.90	10.30	5.70	1.00					
\$136	\$140	24.80	20.20	15.60	11.00	6.40	1.80					
\$140	\$144	25.60	20.90	16.30	11.70	7.10	2.50					
\$144	\$148	26.30	21.70	17.00	12.40	7.80	3.20					
\$148	\$152	27.00	22.40	17.80	13.20	8.50	3.90					
\$152	\$156	27.70	23.10	18.50	13.90	9.30	4.60					
\$156	\$160	28.40	23.80	19.20	14.60	10.00	5.40	.70				
\$160	\$164	29.20	24.50	19.90	15.30	10.70	6.10	1.50				
\$164	\$168	29.90	25.30	20.60	16.00	11.40	6.80	2.20				
\$168	\$172	30.60	26.00	21.40	16.80	12.10	7.50	2.90				
\$172	\$176	31.30	26.70	22.10	17.50	12.90	8.20	3.60				
\$176	\$180	32.00	27.40	22.80	18.20	13.60	9.00	4.30				
\$180	\$184	32.80	28.10	23.50	18.90	14.30	9.70	5.10	.50			
\$184	\$188	33.50	28.90	24.20	19.60	15.00	10.40	5.80	1.20			
\$188	\$192	34.20	29.60	25.00	20.40	15.70	11.10	6.50	1.90			
\$192	\$196	34.90	30.30	25.70	21.10	16.50	11.80	7.20	2.60			
\$196	\$200	35.60	31.00	26.40	21.80	17.20	12.60	7.90	3.30			
\$200	\$210	36.90	32.30	27.70	23.10	18.40	13.80	9.20	4.60			
\$210	\$220	38.70	34.10	29.50	24.90	20.20	15.60	11.00	6.40	1.80		
\$220	\$230	40.50	35.90	31.30	26.70	22.00	17.40	12.80	8.20	3.60		
\$230	\$240	42.30	37.70	33.10	28.50	23.80	19.20	14.60	10.00	5.40	.80	
\$240	\$250	44.10	39.50	34.90	30.30	25.60	21.00	16.40	11.80	7.20	2.60	
\$250	\$260	45.90	41.30	36.70	32.10	27.40	22.80	18.20	13.60	9.00	4.40	
\$260	\$270	47.70	43.10	38.50	33.90	29.20	24.60	20.00	15.40	10.80	6.20	1.50

If the payroll period with respect to an employee is biweekly—Continued

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$270	\$280	\$49.50	\$44.90	\$40.30	\$35.70	\$31.00	\$26.40	\$21.80	\$17.20	\$12.60	\$8.00	\$3.30
\$280	\$290	51.30	46.70	42.10	37.50	32.80	28.20	23.60	19.00	14.40	9.80	5.10
\$290	\$300	53.10	48.50	43.90	39.30	34.60	30.00	25.40	20.80	16.20	11.60	6.90
\$300	\$320	55.80	51.20	46.60	42.00	37.30	32.70	28.10	23.50	18.90	14.30	9.60
\$320	\$340	59.40	54.80	50.20	45.60	40.90	36.30	31.70	27.10	22.50	17.90	13.20
\$340	\$360	63.00	58.40	53.80	49.20	44.50	39.90	35.30	30.70	26.10	21.50	16.80
\$360	\$380	66.60	62.00	57.40	52.80	48.10	43.50	38.90	34.30	29.70	25.10	20.40
\$380	\$400	70.20	65.60	61.00	56.40	51.70	47.10	42.50	37.90	33.30	28.70	24.00
18 percent of the excess over \$400 plus—												
\$400 and over		72.00	67.40	62.80	58.20	53.50	48.90	44.30	39.70	35.10	30.50	25.80

If the payroll period with respect to an employee is semimonthly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$0	\$28	18% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$28	\$30	\$5.20	.20	0	0	0	0	0	0	0	0	0
\$30	\$32	5.60	.60	0	0	0	0	0	0	0	0	0
\$32	\$34	5.90	.90	0	0	0	0	0	0	0	0	0
\$34	\$36	6.30	1.30	0	0	0	0	0	0	0	0	0
\$36	\$38	6.70	1.70	0	0	0	0	0	0	0	0	0
\$38	\$40	7.00	2.00	0	0	0	0	0	0	0	0	0
\$40	\$42	7.40	2.40	0	0	0	0	0	0	0	0	0
\$42	\$44	7.70	2.70	0	0	0	0	0	0	0	0	0
\$44	\$46	8.10	3.10	0	0	0	0	0	0	0	0	0
\$46	\$48	8.50	3.50	0	0	0	0	0	0	0	0	0
\$48	\$50	8.80	3.80	0	0	0	0	0	0	0	0	0
\$50	\$52	9.20	4.20	0	0	0	0	0	0	0	0	0
\$52	\$54	9.50	4.50	0	0	0	0	0	0	0	0	0
\$54	\$56	9.90	4.90	0	0	0	0	0	0	0	0	0
\$56	\$58	10.30	5.30	.30	0	0	0	0	0	0	0	0
\$58	\$60	10.60	5.60	.60	0	0	0	0	0	0	0	0
\$60	\$62	11.00	6.00	1.00	0	0	0	0	0	0	0	0
\$62	\$64	11.30	6.30	1.30	0	0	0	0	0	0	0	0
\$64	\$66	11.70	6.70	1.70	0	0	0	0	0	0	0	0
\$66	\$68	12.10	7.10	2.10	0	0	0	0	0	0	0	0
\$68	\$70	12.40	7.40	2.40	0	0	0	0	0	0	0	0
\$70	\$72	12.80	7.80	2.80	0	0	0	0	0	0	0	0
\$72	\$74	13.10	8.10	3.10	0	0	0	0	0	0	0	0
\$74	\$76	13.50	8.50	3.50	0	0	0	0	0	0	0	0
\$76	\$78	13.90	8.90	3.90	0	0	0	0	0	0	0	0
\$78	\$80	14.20	9.20	4.20	0	0	0	0	0	0	0	0
\$80	\$82	14.60	9.60	4.60	0	0	0	0	0	0	0	0
\$82	\$84	14.90	9.90	4.90	0	0	0	0	0	0	0	0
\$84	\$86	15.30	10.30	5.30	.30	0	0	0	0	0	0	0
\$86	\$88	15.70	10.70	5.70	.70	0	0	0	0	0	0	0
\$88	\$90	16.00	11.00	6.00	1.00	0	0	0	0	0	0	0
\$90	\$92	16.40	11.40	6.40	1.40	0	0	0	0	0	0	0
\$92	\$94	16.70	11.70	6.70	1.70	0	0	0	0	0	0	0
\$94	\$96	17.10	12.10	7.10	2.10	0	0	0	0	0	0	0
\$96	\$98	17.50	12.50	7.50	2.50	0	0	0	0	0	0	0
\$98	\$100	17.80	12.80	7.80	2.80	0	0	0	0	0	0	0
\$100	\$102	18.20	13.20	8.20	3.20	0	0	0	0	0	0	0
\$102	\$104	18.50	13.50	8.50	3.50	0	0	0	0	0	0	0
\$104	\$106	18.90	13.90	8.90	3.90	0	0	0	0	0	0	0
\$106	\$108	19.30	14.30	9.30	4.30	0	0	0	0	0	0	0
\$108	\$110	19.60	14.60	9.60	4.60	0	0	0	0	0	0	0
\$110	\$112	20.00	15.00	10.00	5.00	0	0	0	0	0	0	0
\$112	\$114	20.30	15.30	10.30	5.30	.30	0	0	0	0	0	0

If the payroll period with respect to an employee is semimonthly—Continued

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$114	\$116	\$20.70	\$15.70	\$10.70	\$5.70	\$7.70	\$0	\$0	\$0	\$0	\$0	\$0
\$116	\$118	21.10	16.10	11.10	6.10	1.10	0	0	0	0	0	0
\$118	\$120	21.40	16.40	11.40	6.40	1.40	0	0	0	0	0	0
\$120	\$124	22.00	17.00	12.00	7.00	2.00	0	0	0	0	0	0
\$124	\$128	22.70	17.70	12.70	7.70	2.70	0	0	0	0	0	0
\$128	\$132	23.40	18.40	13.40	8.40	3.40	0	0	0	0	0	0
\$132	\$136	24.10	19.10	14.10	9.10	4.10	0	0	0	0	0	0
\$136	\$140	24.80	19.80	14.80	9.80	4.80	0	0	0	0	0	0
\$140	\$144	25.60	20.60	15.60	10.60	5.60	.60	0	0	0	0	0
\$144	\$148	26.30	21.30	16.30	11.30	6.30	1.30	0	0	0	0	0
\$148	\$152	27.00	22.00	17.00	12.00	7.00	2.00	0	0	0	0	0
\$152	\$156	27.70	22.70	17.70	12.70	7.70	2.70	0	0	0	0	0
\$156	\$160	28.40	23.40	18.40	13.40	8.40	3.40	0	0	0	0	0
\$160	\$164	29.20	24.20	19.20	14.20	9.20	4.20	0	0	0	0	0
\$164	\$168	29.90	24.90	19.90	14.90	9.90	4.90	0	0	0	0	0
\$168	\$172	30.60	25.60	20.60	15.60	10.60	5.60	.60	0	0	0	0
\$172	\$176	31.30	26.30	21.30	16.30	11.30	6.30	1.30	0	0	0	0
\$176	\$180	32.00	27.00	22.00	17.00	12.00	7.00	2.00	0	0	0	0
\$180	\$184	32.80	27.80	22.80	17.80	12.80	7.80	2.80	0	0	0	0
\$184	\$188	33.50	28.50	23.50	18.50	13.50	8.50	3.50	0	0	0	0
\$188	\$192	34.20	29.20	24.20	19.20	14.20	9.20	4.20	0	0	0	0
\$192	\$196	34.90	29.90	24.90	19.90	14.90	9.90	4.90	0	0	0	0
\$196	\$200	35.60	30.60	25.60	20.60	15.60	10.60	5.60	.60	0	0	0
\$200	\$210	36.90	31.90	26.90	21.90	16.90	11.90	6.90	1.90	0	0	0
\$210	\$220	38.70	33.70	28.70	23.70	18.70	13.70	8.70	3.70	0	0	0
\$220	\$230	40.50	35.50	30.50	25.50	20.50	15.50	10.50	5.50	.50	0	0
\$230	\$240	42.30	37.30	32.30	27.30	22.30	17.30	12.30	7.30	2.30	0	0
\$240	\$250	44.10	39.10	34.10	29.10	24.10	19.10	14.10	9.10	4.10	0	0
\$250	\$260	45.90	40.90	35.90	30.90	25.90	20.90	15.90	10.90	5.90	.90	0
\$260	\$270	47.70	42.70	37.70	32.70	27.70	22.70	17.70	12.70	7.70	2.70	0
\$270	\$280	49.50	44.50	39.50	34.50	29.50	24.50	19.50	14.50	9.50	4.50	0
\$280	\$290	51.30	46.30	41.30	36.30	31.30	26.30	21.30	16.30	11.30	6.30	1.30
\$290	\$300	53.10	48.10	43.10	38.10	33.10	28.10	23.10	18.10	13.10	8.10	3.10
\$300	\$320	55.80	50.80	45.80	40.80	35.80	30.80	25.80	20.80	15.80	10.80	5.80
\$320	\$340	59.40	54.40	49.40	44.40	39.40	34.40	29.40	24.40	19.40	14.40	9.40
\$340	\$360	63.00	58.00	53.00	48.00	43.00	38.00	33.00	28.00	23.00	18.00	13.00
\$360	\$380	66.60	61.60	56.60	51.60	46.60	41.60	36.60	31.60	26.60	21.60	16.60
\$380	\$400	70.20	65.20	60.20	55.20	50.20	45.20	40.20	35.20	30.20	25.20	20.20
\$400	\$420	73.80	68.80	63.80	58.80	53.80	48.80	43.80	38.80	33.80	28.80	23.80
\$420	\$440	77.40	72.40	67.40	62.40	57.40	52.40	47.40	42.40	37.40	32.40	27.40
\$440	\$460	81.00	76.00	71.00	66.00	61.00	56.00	51.00	46.00	41.00	36.00	31.00
\$460	\$480	84.60	79.60	74.60	69.60	64.60	59.60	54.60	49.60	44.60	39.60	34.60
\$480	\$500	88.20	83.20	78.20	73.20	68.20	63.20	58.20	53.20	48.20	43.20	38.20
		18 percent of the excess over \$500 plus—										
\$500 and over		90.00	85.00	80.00	75.00	70.00	65.00	60.00	55.00	50.00	45.00	40.00

If the payroll period with respect to an employee is monthly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
		18% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$56	\$10.40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$56	\$60	11.20	.40	0	0	0	0	0	0	0	0	0
\$60	\$64	11.90	1.20	0	0	0	0	0	0	0	0	0
\$64	\$68	12.60	2.00	0	0	0	0	0	0	0	0	0
\$68	\$72	13.30	2.80	0	0	0	0	0	0	0	0	0
\$72	\$76	14.00	3.60	0	0	0	0	0	0	0	0	0
\$76	\$80	14.80	4.40	0	0	0	0	0	0	0	0	0
\$80	\$84	15.50	5.20	0	0	0	0	0	0	0	0	0
\$84	\$88	16.20	6.00	0	0	0	0	0	0	0	0	0
\$88	\$92	16.90	6.80	0	0	0	0	0	0	0	0	0
\$92	\$96	17.60	7.60	0	0	0	0	0	0	0	0	0
\$96	\$100	18.40	8.40	0	0	0	0	0	0	0	0	0
\$100	\$104	19.10	9.20	0	0	0	0	0	0	0	0	0
\$104	\$108	19.80	10.00	0	0	0	0	0	0	0	0	0
\$108	\$112	20.50	10.80	.50	0	0	0	0	0	0	0	0
\$112	\$116	21.20	11.60	1.20	0	0	0	0	0	0	0	0
\$116	\$120	22.00	12.40	2.00	0	0	0	0	0	0	0	0
\$120	\$124	22.70	13.20	2.70	0	0	0	0	0	0	0	0
\$124	\$128	23.40	14.00	3.40	0	0	0	0	0	0	0	0
\$128	\$132	24.10	14.80	4.10	0	0	0	0	0	0	0	0
\$132	\$136	24.80	15.60	4.80	0	0	0	0	0	0	0	0
\$136	\$140	25.60	16.30	5.50	0	0	0	0	0	0	0	0
\$140	\$144	26.30	17.00	6.20	0	0	0	0	0	0	0	0
\$144	\$148	27.00	17.70	7.00	0	0	0	0	0	0	0	0
\$148	\$152	27.70	18.40	7.70	0	0	0	0	0	0	0	0
\$152	\$156	28.40	19.10	8.40	0	0	0	0	0	0	0	0
\$156	\$160	29.10	19.80	9.10	0	0	0	0	0	0	0	0
\$160	\$164	29.80	20.50	9.80	0	0	0	0	0	0	0	0
\$164	\$168	30.60	21.20	10.50	0	0	0	0	0	0	0	0
\$168	\$172	31.30	21.90	11.20	0	0	0	0	0	0	0	0
\$172	\$176	32.00	22.60	12.00	0	0	0	0	0	0	0	0
\$176	\$180	32.80	23.40	12.80	0	0	0	0	0	0	0	0
\$180	\$184	33.50	24.20	13.50	0	0	0	0	0	0	0	0
\$184	\$188	34.20	25.00	14.20	0	0	0	0	0	0	0	0
\$188	\$192	34.90	25.80	14.90	0	0	0	0	0	0	0	0
\$192	\$196	35.60	26.60	15.60	0	0	0	0	0	0	0	0
\$196	\$200	36.40	27.40	16.40	0	0	0	0	0	0	0	0
\$200	\$204	37.10	28.20	17.10	0	0	0	0	0	0	0	0
\$204	\$208	37.80	29.00	17.80	0	0	0	0	0	0	0	0
\$208	\$212	38.50	29.80	18.50	0	0	0	0	0	0	0	0
\$212	\$216	39.20	30.60	19.20	0	0	0	0	0	0	0	0
\$216	\$220	40.00	31.40	20.00	0	0	0	0	0	0	0	0
\$220	\$224	40.70	32.20	20.70	0	0	0	0	0	0	0	0
\$224	\$228	41.40	33.00	21.40	0	0	0	0	0	0	0	0
\$228	\$232	42.10	33.80	22.10	0	0	0	0	0	0	0	0
\$232	\$236	42.80	34.60	22.80	0	0	0	0	0	0	0	0
\$236	\$240	43.50	35.40	23.50	0	0	0	0	0	0	0	0
\$240	\$244	44.20	36.20	24.20	0	0	0	0	0	0	0	0
\$244	\$248	44.90	37.00	25.00	0	0	0	0	0	0	0	0
\$248	\$256	45.60	37.80	25.80	0	0	0	0	0	0	0	0

## If the payroll period with respect to an employee is monthly—Continued

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$256	\$264	\$46.80	\$36.80	\$26.80	\$16.80	\$6.80	\$0	\$0	\$0	\$0	\$0	\$0
\$264	\$272	48.20	38.20	28.20	18.20	8.20	0	0	0	0	0	0
\$272	\$280	49.70	39.70	29.70	19.70	9.70	0	0	0	0	0	0
\$280	\$288	51.10	41.10	31.10	21.10	11.10	1.10	0	0	0	0	0
\$288	\$296	52.60	42.60	32.60	22.60	12.60	2.60	0	0	0	0	0
\$296	\$304	54.00	44.00	34.00	24.00	14.00	4.00	0	0	0	0	0
\$304	\$312	55.40	45.40	35.40	25.40	15.40	5.40	0	0	0	0	0
\$312	\$320	56.90	46.90	36.90	26.90	16.90	6.90	0	0	0	0	0
\$320	\$328	58.30	48.30	38.30	28.30	18.30	8.30	0	0	0	0	0
\$328	\$336	59.80	49.80	39.80	29.80	19.80	9.80	0	0	0	0	0
\$336	\$344	61.20	51.20	41.20	31.20	21.20	11.20	1.20	0	0	0	0
\$344	\$352	62.60	52.60	42.60	32.60	22.60	12.60	2.60	0	0	0	0
\$352	\$360	64.10	54.10	44.10	34.10	24.10	14.10	4.10	0	0	0	0
\$360	\$368	65.50	55.50	45.50	35.50	25.50	15.50	5.50	0	0	0	0
\$368	\$376	67.00	57.00	47.00	37.00	27.00	17.00	7.00	0	0	0	0
\$376	\$384	68.40	58.40	48.40	38.40	28.40	18.40	8.40	0	0	0	0
\$384	\$392	69.80	59.80	49.80	39.80	29.80	19.80	9.80	0	0	0	0
\$392	\$400	71.30	61.30	51.30	41.30	31.30	21.30	11.30	1.30	0	0	0
\$400	\$420	73.80	63.80	53.80	43.80	33.80	23.80	13.80	3.80	0	0	0
\$420	\$440	77.40	67.40	57.40	47.40	37.40	27.40	17.40	7.40	0	0	0
\$440	\$460	81.00	71.00	61.00	51.00	41.00	31.00	21.00	11.00	1.00	0	0
\$460	\$480	84.60	74.60	64.60	54.60	44.60	34.60	24.60	14.60	4.60	0	0
\$480	\$500	88.20	78.20	68.20	58.20	48.20	38.20	28.20	18.20	8.20	0	0
\$500	\$520	91.80	81.80	71.80	61.80	51.80	41.80	31.80	21.80	11.80	1.80	0
\$520	\$540	95.40	85.40	75.40	65.40	55.40	45.40	35.40	25.40	15.40	5.40	0
\$540	\$560	99.00	89.00	79.00	69.00	59.00	49.00	39.00	29.00	19.00	9.00	0
\$560	\$580	102.60	92.60	82.60	72.60	62.60	52.60	42.60	32.60	22.60	12.60	2.60
\$580	\$600	106.20	96.20	86.20	76.20	66.20	56.20	46.20	36.20	26.20	16.20	6.20
\$600	\$640	111.60	101.60	91.60	81.60	71.60	61.60	51.60	41.60	31.60	21.60	11.60
\$640	\$680	118.80	108.80	98.80	88.80	78.80	68.80	58.80	48.80	38.80	28.80	18.80
\$680	\$720	126.00	116.00	106.00	96.00	86.00	76.00	66.00	56.00	46.00	36.00	26.00
\$720	\$760	133.20	123.20	113.20	103.20	93.20	83.20	73.20	63.20	53.20	43.20	33.20
\$760	\$800	140.40	130.40	120.40	110.40	100.40	90.40	80.40	70.40	60.40	50.40	40.40
\$800	\$840	147.60	137.60	127.60	117.60	107.60	97.60	87.60	77.60	67.60	57.60	47.60
\$840	\$880	154.80	144.80	134.80	124.80	114.80	104.80	94.80	84.80	74.80	64.80	54.80
\$880	\$920	162.00	152.00	142.00	132.00	122.00	112.00	102.00	92.00	82.00	72.00	62.00
\$920	\$960	169.20	159.20	149.20	139.20	129.20	119.20	109.20	99.20	89.20	79.20	69.20
\$960	\$1,000	176.40	166.40	156.40	146.40	136.40	126.40	116.40	106.40	96.40	86.40	76.40
		18 percent of the excess over \$1,000 plus—										
\$1,000 and over		180.00	170.00	160.00	150.00	140.00	130.00	120.00	110.00	100.00	90.00	80.00

If the payroll period with respect to an employee is a daily payroll period or a miscellaneous payroll period—

And the wages divided by the number of days in such period are—		And the number of withholding exemptions claimed is—																					
		0	1	2	3	4	5	6	7	8	9	10 or more											
At least—	But less than—	The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period—																					
\$0	\$2.00	18 % of wages \$0.40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$2.00	\$2.25		.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$2.25	\$2.50		.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$2.50	\$2.75		.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$2.75	\$3.00		.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$3.00	\$3.25		.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$3.25	\$3.50		.30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$3.50	\$3.75		.35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$3.75	\$4.00		.40	.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.00	\$4.25		.45	.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.25	\$4.50		.50	.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.50	\$4.75		.55	.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.75	\$5.00		.60	.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$5.00	\$5.25		.65	.30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$5.25	\$5.50		.70	.35	.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$5.50	\$5.75		.75	.40	.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$5.75	\$6.00		.80	.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$6.00	\$6.25		.85	.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$6.25	\$6.50		.90	.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$6.50	\$6.75		.95	.30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$6.75	\$7.00		1.00	.35	.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7.00	\$7.25		1.05	.40	.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7.25	\$7.50		1.10	.45	.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7.50	\$7.75		1.15	.50	.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7.75	\$8.00		1.20	.55	.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$8.00	\$8.25		1.25	.60	.30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$8.25	\$8.50		1.30	.65	.35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$8.50	\$8.75		1.35	.70	.40	.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$8.75	\$9.00		1.40	.75	.45	.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$9.00	\$9.25		1.45	.80	.50	.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$9.25	\$9.50		1.50	.85	.55	.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$9.50	\$9.75		1.55	.90	.60	.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$9.75	\$10.00		1.60	.95	.65	.30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$10.00	\$10.25		1.65	1.00	.70	.35	.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$10.25	\$10.50		1.70	1.05	.75	.40	.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$10.50	\$10.75		1.75	1.10	.80	.45	.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$10.75	\$11.00		1.80	1.15	.85	.50	.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$11.00	\$11.25		1.85	1.20	.90	.55	.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$11.25	\$11.50		1.90	1.25	.95	.60	.30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$11.50	\$11.75		1.95	1.30	1.00	.65	.35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$11.75	\$12.00		2.00	1.35	1.05	.70	.40	.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$12.00	\$12.25		2.05	1.40	1.10	.75	.45	.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$12.25	\$12.50		2.10	1.45	1.15	.80	.45	.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$12.50	\$12.75		2.15	1.50	1.20	.85	.50	.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$12.75	\$13.00		2.20	1.55	1.25	.90	.55	.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$13.00	\$13.25		2.25	1.60	1.30	.95	.60	.30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$13.25	\$13.50		2.30	1.65	1.35	1.00	.65	.35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$13.50	\$13.75		2.35	1.70	1.40	1.05	.70	.40	.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$13.75	\$14.00		2.40	1.75	1.45	1.10	.75	.45	.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$14.00	\$14.25		2.45	1.80	1.50	1.15	.80	.50	.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$14.25	\$14.50		2.50	1.85	1.55	1.20	.85	.55	.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$14.50	\$14.75		2.55	1.90	1.60	1.25	.90	.60	.30	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$14.75	\$15.00		2.60	1.95	1.65	1.30	.95	.65	.35	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$15.00	\$15.25		2.65	2.00	1.70	1.35	1.00	.70	.40	.05	0	0	0	0	0	0	0	0	0	0	0	0	0
\$15.25	\$15.50		2.70	2.05	1.75	1.40	1.05	.75	.45	.15	0	0	0	0	0	0	0	0	0	0	0	0	0
\$15.50	\$15.75		2.75	2.10	1.80	1.45	1.10	.80	.50	.20	0	0	0	0	0	0	0	0	0	0	0	0	0
\$15.75	\$16.00		2.80	2.15	1.85	1.50	1.15	.85	.55	.25	0	0	0	0	0	0	0	0	0	0	0	0	0
\$16.00	\$16.25		2.85	2.20	1.90	1.55	1.20	.90	.65	.35	0	0	0	0	0	0	0	0	0	0	0	0	0
\$16.25	\$16.50		2.90	2.25	1.95	1.60	1.25	.95	.70	.40	.05	0	0	0	0	0	0	0	0	0	0	0	0
\$16.50	\$16.75		2.95	2.30	2.00	1.65	1.30	1.00	.75	.45	.15	0	0	0	0	0	0	0	0	0	0	0	0
\$16.75	\$17.00		3.00	2.35	2.05	1.70	1.35	1.05	.80	.50	.20	0	0	0	0	0	0	0	0	0	0	0	0
\$17.00	\$17.25		3.05	2.40	2.10	1.75	1.40	1.10	.85	.55	.25	0	0	0	0	0	0	0	0	0	0	0	0
\$17.25	\$17.50		3.10	2.45	2.15	1.80	1.45	1.15	.90	.60	.30	0	0	0	0	0	0	0	0	0	0	0	0
\$17.50	\$17.75		3.15	2.50	2.20	1.85	1.50	1.20	.95	.65	.35	0											

(2) If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days (including Sundays and holidays) equal to the number of days in the period with respect to which such wages are paid.

(3) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days (including Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(4) In any case in which the period, or the time described in paragraph (3), in respect of any wages is less than one week, the Secretary or his delegate, under regulations prescribed by him, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(5) If the wages exceed the highest wage bracket, in determining the amount to be deducted and withheld under this subsection, the wages may, at the election of the employer, be computed to the nearest dollar.

(d) **TAX PAID BY RECIPIENT.**—If the employer, in violation of the provisions of this chapter, fails to deduct and withhold the tax under this chapter, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the employer; but this subsection shall in no case relieve the employer from liability for any penalties or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

(e) **INCLUDED AND EXCLUDED WAGES.**—If the remuneration paid by an employer to an employee for services performed during one-half or more of any payroll period of not more than 31 consecutive days constitutes wages, all the remuneration paid by such employer to such employee for such period shall be deemed to be wages; but if the remuneration paid by an employer to an employee for services performed during more than one-half of any such payroll period does not constitute wages, then none of the remuneration paid by such employer to such employee for such period shall be deemed to be wages.

(f) **WITHHOLDING EXEMPTIONS.**—

(1) **IN GENERAL.**—An employee receiving wages shall on any day be entitled to the following withholding exemptions:

(A) an exemption for himself;

(B) one additional exemption for himself if, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable an exemption under section 151 (c) (1) (relating to old age) for the taxable year under subtitle A in respect of which amounts deducted and withheld under this

chapter in the calendar year in which such day falls are allowed as a credit;

(C) one additional exemption for himself if, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable an exemption under section 151 (d) (1) (relating to the blind) for the taxable year under subtitle A in respect of which amounts deducted and withheld under this chapter in the calendar year in which such day falls are allowed as a credit;

(D) if the employee is married, any exemption to which his spouse is entitled, or would be entitled if such spouse were an employee receiving wages, under subparagraph (A), (B), or (C), but only if such spouse does not have in effect a withholding exemption certificate claiming such exemption; and

(E) an exemption for each individual with respect to whom, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable an exemption under section 151 (e) for the taxable year under subtitle A in respect of which amounts deducted and withheld under this chapter in the calendar year in which such day falls are allowed as a credit.

(2) EXEMPTION CERTIFICATES.—

(A) ON COMMENCEMENT OF EMPLOYMENT.—On or before the date of the commencement of employment with an employer, the employee shall furnish the employer with a signed withholding exemption certificate relating to the number of withholding exemptions which he claims, which shall in no event exceed the number to which he is entitled.

(B) CHANGE OF STATUS.—If, on any day during the calendar year, the number of withholding exemptions to which the employee is entitled is less than the number of withholding exemptions claimed by the employee on the withholding exemption certificate then in effect with respect to him, the employee shall within 10 days thereafter furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employee then claims, which shall in no event exceed the number to which he is entitled on such day. If, on any day during the calendar year, the number of withholding exemptions to which the employee is entitled is greater than the number of withholding exemptions claimed, the employee may furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employee then claims, which shall in no event exceed the number to which he is entitled on such day.

(C) CHANGE OF STATUS WHICH AFFECTS NEXT CALENDAR YEAR.—If on any day during the calendar year the number of withholding exemptions to which the employee will be, or may reasonably be expected to be, entitled at the beginning of his next taxable year under subtitle A is different from the number to which the employee is entitled on such day, the employee shall, in such cases and at such times as the Secretary or his delegate may by regulations prescribe, furnish the employer with a withholding exemption certificate relating to the number of withholding exemptions which he claims with respect to such next taxable

year, which shall in no event exceed the number to which he will be, or may reasonably be expected to be, so entitled.

(3) WHEN CERTIFICATE TAKES EFFECT.—

(A) FIRST CERTIFICATE FURNISHED.—A withholding exemption certificate furnished the employer in cases in which no previous such certificate is in effect shall take effect as of the beginning of the first payroll period ending, or the first payment of wages made without regard to a payroll period, on or after the date on which such certificate is so furnished.

(B) FURNISHED TO TAKE PLACE OF EXISTING CERTIFICATE.—A withholding exemption certificate furnished the employer in cases in which a previous such certificate is in effect shall take effect with respect to the first payment of wages made on or after the first status determination date which occurs at least 30 days from the date on which such certificate is so furnished, except that at the election of the employer such certificate may be made effective with respect to any payment of wages made on or after the date on which such certificate is so furnished; but a certificate furnished pursuant to paragraph (2) (C) shall not take effect, and may not be made effective, with respect to any payment of wages made in the calendar year in which the certificate is furnished. For purposes of this subparagraph the term "status determination date" means January 1 and July 1 of each year.

(4) PERIOD DURING WHICH CERTIFICATE REMAINS IN EFFECT.—A withholding exemption certificate which takes effect under this subsection, or which on December 31, 1954, was in effect under the corresponding subsection of prior law, shall continue in effect with respect to the employer until another such certificate takes effect under this subsection.

(5) FORM AND CONTENTS OF CERTIFICATE.—Withholding exemption certificates shall be in such form and contain such information as the Secretary or his delegate may by regulations prescribe.

(g) OVERLAPPING PAY PERIODS, AND PAYMENT BY AGENT OR FIDUCIARY.—If a payment of wages is made to an employee by an employer—

(1) with respect to a payroll period or other period, any part of which is included in a payroll period or other period with respect to which wages are also paid to such employee by such employer, or

(2) without regard to any payroll period or other period, but on or prior to the expiration of a payroll period or other period with respect to which wages are also paid to such employee by such employer, or

(3) with respect to a period beginning in one and ending in another calendar year, or

(4) through an agent, fiduciary, or other person who also has the control, receipt, custody, or disposal of, or pays, the wages payable by another employer to such employee,

the manner of withholding and the amount to be deducted and withheld under this chapter shall be determined in accordance with regulations prescribed by the Secretary or his delegate under which the withholding exemption allowed to the employee in any calendar year shall approximate the withholding exemption allowable with respect to an annual payroll period.

(h) **WITHHOLDING ON BASIS OF AVERAGE WAGES.**—The Secretary or his delegate may, under regulations prescribed by him, authorize employers—

(1) to estimate the wages which will be paid to any employee in any quarter of the calendar year,

(2) to determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid, and

(3) to deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon the wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this subsection.

(i) **ADDITIONAL WITHHOLDING.**—The Secretary or his delegate is authorized by regulations to provide, under such conditions and to such extent as he deems proper, for withholding in addition to that otherwise required under this section in cases in which the employer and the employee agree (in such form as the Secretary or his delegate may by regulations prescribe) to such additional withholding. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this chapter.

#### **SEC. 3403. LIABILITY FOR TAX.**

The employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

#### **SEC. 3404. RETURN AND PAYMENT BY GOVERNMENTAL EMPLOYER.**

If the employer is the United States, or a State, Territory, or political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, the return of the amount deducted and withheld upon any wages may be made by any officer or employee of the United States, or of such State, Territory, or political subdivision, or of the District of Columbia, or of such agency or instrumentality, as the case may be, having control of the payment of such wages, or appropriately designated for that purpose.



## CHAPTER 25—GENERAL PROVISIONS RELATING TO EMPLOYMENT TAXES

Sec. 3501. Collection and payment of taxes.

Sec. 3502. Nondeductibility of taxes in computing taxable income.

Sec. 3503. Erroneous payments.

Sec. 3504. Acts to be performed by agents.

### SEC. 3501. COLLECTION AND PAYMENT OF TAXES.

The taxes imposed by this subtitle shall be collected by the Secretary or his delegate and shall be paid into the Treasury of the United States as internal-revenue collections.

### SEC. 3502. NONDEDUCTIBILITY OF TAXES IN COMPUTING TAXABLE INCOME.

(a) The taxes imposed by section 3101 of chapter 21, and by sections 3201 and 3211 of chapter 22 shall not be allowed as a deduction to the taxpayer in computing taxable income under subtitle A.

(b) The tax deducted and withheld under chapter 24 shall not be allowed as a deduction either to the employer or to the recipient of the income in computing taxable income under subtitle A.

### SEC. 3503. ERRONEOUS PAYMENTS.

Any tax paid under chapter 21 or 22 by a taxpayer with respect to any period with respect to which he is not liable to tax under such chapter shall be credited against the tax, if any, imposed by such other chapter upon the taxpayer, and the balance, if any, shall be refunded.

### SEC. 3504. ACTS TO BE PERFORMED BY AGENTS.

In case a fiduciary, agent, or other person has the control, receipt, custody, or disposal of, or pays the wages of an employee or group of employees, employed by one or more employers, the Secretary or his delegate, under regulations prescribed by him, is authorized to designate such fiduciary, agent, or other person to perform such acts as are required of employers under this subtitle and as the Secretary or his delegate may specify. Except as may be otherwise prescribed by the Secretary or his delegate, all provisions of law (including penalties) applicable in respect of an employer shall be applicable to a fiduciary, agent, or other person so designated but, except as so provided, the employer for whom such fiduciary, agent, or other person acts shall remain subject to the provisions of law (including penalties) applicable in respect of employers.

## CHAPTER 25—GENERAL PROVISIONS RELATING TO EMPLOYMENT TAXES

Sec. 3501. Collection and payment of taxes.  
 Sec. 3502. Deductibility of taxes in computing taxable income.  
 Sec. 3503. Excess payments.  
 Sec. 3504. Acts to be performed by agents.

### SEC. 3501. COLLECTION AND PAYMENT OF TAXES.

The taxes imposed by this subtitle shall be collected by the Secretary or his delegate and shall be paid into the Treasury of the United States as internal revenue collections.

### SEC. 3502. DEDUCTIBILITY OF TAXES IN COMPUTING TAXABLE INCOME.

(a) The taxes imposed by section 3101 of chapter 21 and by sections 3201 and 3211 of chapter 22 shall not be allowed as a deduction to the taxpayer in computing taxable income under subtitle A.

(b) The tax deducted and withheld under chapter 24 shall not be allowed as a deduction either to the employer or to the recipient of the income in computing taxable income under subtitle A.

### SEC. 3503. EXCESS PAYMENTS.

Any tax paid under chapter 21 or 22 by a taxpayer with respect to any period with respect to which he is not liable to tax under such chapter shall be credited against the tax, if any, imposed by such other chapter upon the taxpayer, and the balance, if any, shall be refunded.

### SEC. 3504. ACTS TO BE PERFORMED BY AGENTS.

In case a fiduciary, agent or other person has the control, receipt, custody, or disposal of, or pays the wages of an employee or group of employees, employed by one or more employers, the Secretary or his delegate, under regulations prescribed by him, is authorized to designate such fiduciary, agent or other person to perform such acts as are required of employers under this subtitle and as the Secretary or his delegate may specify. Except as may be otherwise prescribed by the Secretary or his delegate, all provisions of law (including penalties) applicable in respect of an employer shall be applicable to a fiduciary, agent or other person so designated, but, except as so provided, the employer for whom such fiduciary, agent or other person acts shall remain subject to the provisions of law (including penalties) applicable in respect of employers.