

108TH CONGRESS
1ST SESSION

S. 911

To amend the Internal Revenue Code of 1986 to provide a rebate of up to \$765 to individuals for payroll taxes paid in 2001, to provide employers with an income tax credit of up to \$765 for payroll taxes paid during the payroll tax holiday period, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 11, 2003

Ms. LANDRIEU (for herself and Mr. CORZINE) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a rebate of up to \$765 to individuals for payroll taxes paid in 2001, to provide employers with an income tax credit of up to \$765 for payroll taxes paid during the payroll tax holiday period, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Wage Tax Cut Act
5 of 2003”.

6 **SEC. 2. REFUND OF EMPLOYEE PAYROLL TAXES.**

7 (a) PAYMENT OF REFUNDS.—

1 (1) IN GENERAL.—The Secretary of the Treas-
2 ury shall pay, out of any money in the Treasury not
3 otherwise appropriated, to each individual an
4 amount equal to the lesser of—

5 (A) \$765, or

6 (B) the amount of the individual's social
7 security taxes for 2001.

8 (2) PAYMENT IN INSTALLMENTS.—The Sec-
9 retary of the Treasury shall make the payment
10 under paragraph (1) in two equal installments—

11 (A) the first of which shall be paid on the
12 date which is 2 months after the date of the en-
13 actment of this Act, and

14 (B) the second of which shall be paid on
15 December 1, 2003.

16 The Secretary may, after notice to the Senate and
17 House of Representatives, make adjustments in the
18 timing of each installment to the extent the adjust-
19 ments are administratively necessary.

20 (3) NO INTEREST.—No interest shall be allowed
21 on any payment required by this subsection.

22 (4) CERTAIN INDIVIDUALS NOT ELIGIBLE.—No
23 payment shall be made under this subsection to—

24 (A) any estate or trust,

25 (B) any nonresident alien, or

1 (C) any individual with respect to whom a
2 deduction under section 151 of such Code is al-
3 lowable to another taxpayer for a taxable year
4 beginning in 2001.

5 (5) SOCIAL SECURITY TAXES.—For purposes of
6 this subsection—

7 (A) IN GENERAL.—The term “social secu-
8 rity taxes” has the meaning given such term by
9 section 24(d)(2) of the Internal Revenue Code
10 of 1986.

11 (B) STATE AND LOCAL EMPLOYEES NOT
12 COVERED BY SOCIAL SECURITY SYSTEM.—In
13 the case of any individual—

14 (i) whose service is not treated as em-
15 ployment by reason of section 3121(b)(7)
16 of such Code (relating to exemption for
17 State and local employees), and

18 (ii) who, without regard to this sub-
19 paragraph, has no social security taxes for
20 2001,

21 the term “social security taxes” shall include
22 the individual’s employee contributions to a gov-
23 ernmental pension plan by reason of the service
24 described in clause (i).

1 (b) 2002 REFUND FOR INDIVIDUALS NOT RECEIV-
 2 ING FULL 2001 REFUND.—Subchapter B of chapter 65
 3 of the Internal Revenue Code of 1986 (relating to abate-
 4 ments, credits, and refunds) is amended by adding at the
 5 end the following new section:

6 **“SEC. 6429. REFUND OF CERTAIN 2002 PAYROLL TAXES.**

7 “(a) IN GENERAL.—Each eligible individual shall be
 8 treated as having made a payment against the tax imposed
 9 by chapter 1 for such individual’s first taxable year begin-
 10 ning in 2002 in an amount equal to the payroll tax refund
 11 amount for such taxable year.

12 “(b) PAYROLL TAX REFUND AMOUNT.—For pur-
 13 poses of subsection (a), the payroll tax refund amount is
 14 the excess (if any) of—

15 “(1) the lesser of—

16 “(A) \$765, or

17 “(B) the amount of the individual’s social
 18 security taxes for 2002, over

19 “(2) the amount of the payment to the indi-
 20 vidual under section 2(a) of the Wage Tax Cut Act
 21 of 2003.

22 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
 23 section, the term ‘eligible individual’ means any individual
 24 other than—

25 “(1) any estate or trust,

1 “(2) any nonresident alien, or

2 “(3) any individual with respect to whom a de-
3 duction under section 151 is allowable to another
4 taxpayer for a taxable year beginning in 2002.

5 “(d) TIMING OF PAYMENTS.—In the case of any
6 overpayment attributable to this section, the Secretary
7 shall, subject to the provisions of this title, refund or cred-
8 it such overpayment as rapidly as possible and, to the ex-
9 tent practicable, before December 31, 2003.

10 “(e) NO INTEREST.—No interest shall be allowed on
11 any overpayment attributable to this section.

12 “(f) SOCIAL SECURITY TAXES.—For purposes of this
13 section, the term ‘social security taxes’ has the meaning
14 given such term by section 2(a)(5) of the Wage Tax Cut
15 Act of 2003.”

16 (c) CLERICAL AMENDMENT.—The table of sections
17 for subchapter B of chapter 65 of such Code is amended
18 by adding at the end the following new item:

“Sec. 6429. Refund of certain 2002 payroll taxes.”

19 **SEC. 3. REFUND OF EMPLOYER PAYROLL TAXES ON FIRST**
20 **\$10,000 OF WAGES PER EMPLOYEE.**

21 (a) IN GENERAL.—Subchapter B of chapter 65 of the
22 Internal Revenue Code of 1986 (relating to abatements,
23 credits, and refunds), as amended by section 2, is amend-
24 ed by adding at the end the following:

1 **“SEC. 6430. REFUND OF EMPLOYER PAYROLL TAXES ON**
 2 **FIRST \$10,000 OF WAGES OF AN EMPLOYEE.**

3 “(a) GENERAL RULE.—Each employer subject to tax
 4 under section 3111 or 3221(a) with respect to employment
 5 during the payroll tax holiday period shall be treated as
 6 having made a payment against the tax imposed by chap-
 7 ter 1 for each taxable year which includes any portion of
 8 such period in an amount equal to the sum of the payroll
 9 tax refund amounts determined for all employees of the
 10 employer for such taxable year.

11 “(b) PAYROLL TAX REFUND AMOUNT.—For pur-
 12 poses of this section, the term ‘payroll tax refund amount’
 13 means, with respect to any employee for any taxable year
 14 of an employer, the excess (if any) of—

15 “(1) the lesser of—

16 “(A) \$765, or

17 “(B) the amount of the employer’s social
 18 security taxes paid or incurred with respect to
 19 employment of the employee during any portion
 20 of the payroll tax holiday period within the tax-
 21 able year, over

22 “(2) the amount treated as paid by the em-
 23 ployer under this section with respect to the em-
 24 ployee for any preceding taxable year.

25 “(c) DEFINITIONS.—For purposes of this section—

1 “(1) PAYROLL TAX HOLIDAY PERIOD.—The
 2 term ‘payroll tax holiday period’ means the 12-
 3 month period beginning with the first month fol-
 4 lowing the date of the enactment of this section. The
 5 Secretary may, after notice to the Senate and House
 6 of Representatives, delay the beginning of such pe-
 7 riod if the Secretary determines such delay is admin-
 8 istratively necessary to provide adequate notice of
 9 the provisions of this section to employers and em-
 10 ployees.

11 “(2) EMPLOYER PAYROLL TAXES.—

12 “(A) IN GENERAL.—The term ‘employer
 13 payroll taxes’ means the taxes imposed by sec-
 14 tions 3111 and 3221(a).

15 “(B) SPECIAL RULE.—A rule similar to
 16 the rule of section 24(d)(2)(C) shall apply for
 17 purposes of subparagraph (A).

18 “(3) EMPLOYMENT.—The term ‘employment’
 19 includes services subject to tax under chapter 22 (re-
 20 lating to railroad retirement taxes).

21 “(d) SPECIAL RULES.—For purposes of this sec-
 22 tion—

23 “(1) COMMON CONTROL.—All employers treated
 24 as a single employer under subsection (a) or (b) of

1 section 52 shall be treated as a single employer for
2 purposes of this section.

3 “(2) TRADE OR BUSINESS REQUIREMENT.—

4 This section shall not apply to employer payroll
5 taxes paid with respect to an employee unless more
6 than one-half of the employee’s remuneration is for
7 services performed in a trade or business of the em-
8 ployer. Any determination under this subparagraph
9 shall be made without regard to subsections (a) and
10 (b) of section 52.”

11 (b) CONFORMING AMENDMENT.—The table of sec-
12 tions for subchapter B of chapter 65 of such Code is
13 amended by adding at the end the following new item:

“Sec. 6430. Refund of employer payroll taxes on first \$10,000 of
wages of an employee.”

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