

enue Act of 1978 [set out as a note under section 3401 of this title] shall be construed to prohibit the implementation of the amendments made by this section [enacting this section, amending section 410 of Title 42, The Public Health and Welfare, and amending provisions set out as a note under section 3401 of this title].”

§ 3509. Determination of employer’s liability for certain employment taxes

(a) In general

If any employer fails to deduct and withhold any tax under chapter 24 or subchapter A of chapter 21 with respect to any employee by reason of treating such employee as not being an employee for purposes of such chapter or subchapter, the amount of the employer’s liability for—

(1) Withholding taxes

Tax under chapter 24 for such year with respect to such employee shall be determined as if the amount required to be deducted and withheld were equal to 1.5 percent of the wages (as defined in section 3401) paid to such employee.

(2) Employee social security tax

Taxes under subchapter A of chapter 21 with respect to such employee shall be determined as if the taxes imposed under such subchapter were 20 percent of the amount imposed under such subchapter without regard to this subparagraph.

(b) Employer’s liability increased where employer disregards reporting requirements

(1) In general

In the case of an employer who fails to meet the applicable requirements of section 6041(a), 6041A, or 6051 with respect to any employee, unless such failure is due to reasonable cause and not willful neglect, subsection (a) shall be applied with respect to such employee—

(A) by substituting “3 percent” for “1.5 percent” in paragraph (1); and

(B) by substituting “40 percent” for “20 percent” in paragraph (2).

(2) Applicable requirements

For purposes of paragraph (1), the term “applicable requirements” means the requirements described in paragraph (1) which would be applicable consistent with the employer’s treatment of the employee as not being an employee for purposes of chapter 24 or subchapter A of chapter 21.

(c) Section not to apply in cases of intentional disregard

This section shall not apply to the determination of the employer’s liability for tax under chapter 24 or subchapter A of chapter 21 if such liability is due to the employer’s intentional disregard of the requirement to deduct and withhold such tax.

(d) Special rules

For purposes of this section—

(1) Determination of liability

If the amount of any liability for tax is determined under this section—

(A) the employee’s liability for tax shall not be affected by the assessment or collection of the tax so determined,

(B) the employer shall not be entitled to recover from the employee any tax so determined, and

(C) section 3402(d) and section 6521 shall not apply.

(2) Section not to apply where employer deducts wage but not social security taxes

This section shall not apply to any employer with respect to any wages if—

(A) the employer deducted and withheld any amount of the tax imposed by chapter 24 on such wages, but

(B) failed to deduct and withhold the amount of the tax imposed by subchapter A of chapter 21 with respect to such wages.

(3) Section not to apply to certain statutory employees

This section shall not apply to any tax under subchapter A of chapter 21 with respect to an individual described in subsection (d)(3) of section 3121 (without regard to whether such individual is described in paragraph (1) or (2) of such subsection).

(Added Pub. L. 97-248, title II, §270(a), Sept. 3, 1982, 96 Stat. 553; amended Pub. L. 100-647, title II, §2003(d), Nov. 10, 1988, 102 Stat. 3598; Pub. L. 101-508, title V, §5130(a)(4), Nov. 5, 1990, 104 Stat. 1388-289; Pub. L. 115-141, div. U, title IV, §401(a)(218), Mar. 23, 2018, 132 Stat. 1194.)

Editorial Notes

AMENDMENTS

2018—Subsec. (d)(1)(C). Pub. L. 115-141 substituted “section 3402(d)” for “sections 3402(d)”.

1990—Subsec. (d)(3). Pub. L. 101-508 substituted “subsection (d)(3)” for “subsection (d)(4)”.

1988—Subsec. (d)(3). Pub. L. 100-647 substituted “subsection (d)(4)” for “subsection (d)(3)”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-508 effective as if included in the enactment of Pub. L. 100-647, §2003(d), see section 5130(b) of Pub. L. 101-508, set out as a note under section 1402 of this title.

EFFECTIVE DATE

Pub. L. 97-248, title II, §270(c), Sept. 3, 1982, 96 Stat. 554, provided that: “The amendment made by this section [enacting this section] shall take effect on the date of the enactment of this Act [Sept. 3, 1982], except that such amendments shall not apply to any assessment made before January 1, 1983.”

§ 3510. Coordination of collection of domestic service employment taxes with collection of income taxes

(a) General rule

Except as otherwise provided in this section—

(1) returns with respect to domestic service employment taxes shall be made on a calendar year basis,

(2) any such return for any calendar year shall be filed on or before the 15th day of the fourth month following the close of the employer’s taxable year which begins in such calendar year, and

(3) no requirement to make deposits (or to pay installments under section 6157) shall apply with respect to such taxes.