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- Book 4: Titles 18-25, with index.
- Book 5, Part 1: Title 26, Parts 2-178.
- Book 5, Part 2: Title 26, completed; Title 27; with index.
- Book 6: Titles 28-32, with index.
- Book 7: Titles 33-45, with index.
- Book 8: Title 46, with index.
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Pertinent Enacting Provisions of the Internal Revenue Code

[Act February 10, 1939, 53 Stat., Part 1]

AN ACT

To consolidate and codify the internal revenue laws of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the laws of the United States hereinafter codified and set forth as a part of this act under the heading "Internal Revenue Title" are hereby enacted into law.

SEC. 2. CITATION. This act and the internal revenue title incorporated herein shall be known as the Internal Revenue Code and may be cited as "I. R. C."

SEC. 6. ARRANGEMENT, CLASSIFICATION, AND CROSS REFERENCES. The arrangement and classification of the several provisions of the

Internal Revenue Title have been made for the purpose of a more convenient and orderly arrangement of the same, and, therefore, no inference, implication or presumption of legislative construction shall be drawn or made by reason of the location or grouping of any particular section or provision or portion thereof, nor shall any outline, analysis, cross reference, or descriptive matter relating to the contents of said Title be given any legal effect.

SUBPART A—INTRODUCTORY PROVISIONS

§ 405.0 *Scope of regulations.* The regulations in this part deal with the system of collection of income tax at source on wages paid on or after January 1, 1945, under Subchapter D, relating to collection of income tax at source on wages, and Subchapter E, general provisions, of Chapter 9 of the Internal Revenue Code.

Inasmuch as the regulations in this part constitute Part 405 of Title 26 of the 1944 Supplement to the Code of Federal Regulations, each section of the regulations bears a number commencing with 405 and a decimal point. References to sections not preceded by "405." are references to sections of law. References to sections of law are references to the Internal Revenue Code unless otherwise expressly indicated. Each section, subsection, or paragraph of the Internal Revenue Code set forth in the regulations in this part shall be considered as a part of the respective regulations section to which it corresponds.

SEC. 21. EFFECTIVE DATE. (INDIVIDUAL INCOME TAX ACT OF 1944, PART II.)

The amendments made by this Part shall apply only with respect to wages paid on or after January 1, 1945.

§ 405.1 *Wages paid on or after January 1, 1945.* The regulations in this part apply to all wages (as defined in section 1621) paid on or after January 1, 1945, regardless of when such wages were earned. Thus, if an employee is paid wages on January 1, 1945, for services performed during 1944 or any preceding year, withholding of the tax at source on such wages shall be subject to the regulations in this part.

Wages are constructively paid within the meaning of the regulations in this part when they are credited to the account of or set apart for an employee so that they may be drawn upon by him at any time although not then actually reduced to possession. To constitute payment in such a case, the wages must be credited or set apart to the employee without any substantial limitation or restriction as to the time or manner of payment or condition upon which payment is to be made, and must be made available to him so that they may be drawn upon at any time, and their payment brought within his control and disposition.

SUBPART B—DEFINITIONS

SUBCHAPTER D—COLLECTION OF INCOME TAX AT SOURCE ON WAGES

SEC. 1621. DEFINITIONS [AS ADDED BY SEC. 2 (a), CURRENT TAX PAYMENT ACT OF 1943].

As used in this subchapter [Subchapter D of Chapter 9]—

(a) *Wages.* 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 services performed as a member of the military or naval forces of the United States, other than pensions and retired pay includible in gross income under Chapter 1, or

(2) for agricultural labor (as defined in section 1426 (h)), or

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

(4) for casual labor not in the course of the employer's trade or business, or

(5) for services by a citizen or resident of the United States for a foreign government or for the government of the Commonwealth of the Philippines, or

(6) for services performed by a nonresident alien individual, other than a resident of a contiguous country who enters and leaves the United States at frequent intervals, 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 Commissioner with the approval of the Secretary, or

(8) for services for an employer performed by a citizen or resident of the United States while outside the United States (as defined in section 3797 (a) (9) if the major part of the services for such employer during the calendar year is to be performed outside the United States, or

(9) for services performed as a minister of the gospel.

For the purpose of paragraph (8) services performed on or in connection with an American vessel (as defined in section 1426 (g)) 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, or on or in connection with any vessel as an employee of the United States employed through the War Shipping Administration, shall not constitute services performed outside the United States.

Section 1426 (g) and (h) of the Internal Revenue Code

(g) *American vessel.* 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.

(h) *Agricultural labor.* The term "agricultural labor" includes all services 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 Agricul-

tural Marketing Act, as amended, 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.

(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.

Section 15 (g) of the Agricultural Marketing Act, as Amended

As used in this Act, the term "agricultural commodity" includes * * * crude gum (oleoresin) from a living tree, and the following products as processed by the original producer of the crude gum (oleoresin) from which derived: Gum spirits of turpentine and gum resin, as defined in the Naval Stores Act, approved March 3, 1923.

Section 2 (c) and (h) of the Naval Stores Act

(c) "Gum spirits of turpentine" means spirits of turpentine made from gum (oleoresin) from a living tree.

(h) "Gum resin" means resin remaining after the distillation of gum spirits of turpentine.

Section 3797 (a) of the Internal Revenue Code

(a) When used in this title (Internal Revenue Code) * * *

(9) *United States.* The term "United States" when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(15) *Military or Naval Forces of the United States.* The term "military or naval forces of the United States" includes the Marine Corps, the Coast Guard, the Army Nurse Corps, Female, the Women's Army Auxiliary Corps, the Navy Nurse Corps, Female, and the Women's Reserve branch of the Naval Reserve.

§ 405.101 *Wages—(a) In general.* The term "wages" means all remuneration for services performed by an employee for his employer unless specifically excepted under section 1621 (a) or section 1622 (g). See §§ 405.102 and 405.204.

The name by which the remuneration for services is designated is immaterial. Thus, salaries, fees, bonuses, commissions on sales or on insurance premiums, pensions, and retired pay are wages within the meaning of the statute if paid

as compensation for services performed by the employee for his employer.

The basis upon which the remuneration is paid is immaterial in determining whether the remuneration constitutes wages. Thus it may be paid on the basis of piecework, or a percentage of profits; and may be paid hourly, daily, weekly, monthly, or annually.

Wages may be paid in money or in some medium other than money, as, for example, stocks, bonds, or other forms of property. If services are paid for in a medium other than money, the fair market value of the thing taken in payment is the amount to be included as wages subject to withholding. If the services were rendered at a stipulated price, in the absence of evidence to the contrary such price will be presumed to be the fair value of the remuneration received. If a corporation transfers to its employees its own stock as remuneration for services rendered by the employee, the amount of such remuneration is the fair market value of the stock at the time of the transfer. If a person receives as remuneration for services rendered a salary and in addition thereto living quarters or meals, the value to such person of the quarters and meals so furnished shall be added to the remuneration otherwise paid for the purpose of determining the amount of wages subject to withholding. If, however, living quarters or meals are furnished to an employee for the convenience of the employer, the value thereof need not be included as wages subject to withholding.

Ordinarily, facilities or privileges (such as entertainment, medical services, or so-called "courtesy" discounts on purchases), furnished or offered by an employer to his employees generally, are not considered as wages subject to withholding if such facilities or privileges are of relatively small value and are offered or furnished by the employer merely as a means of promoting the health, good will, contentment, or efficiency of his employees.

Where wages are paid in property other than money, the employer should make necessary arrangements to insure that the amount of the tax required to be withheld is available for payment to the collector.

Tips or gratuities paid directly to an employee by a customer of an employer, and not accounted for by the employee to the employer, are not subject to withholding.

Remuneration for services, unless such remuneration is specifically excepted by the statute, constitutes wages even though at the time paid the relationship of employer and employee no longer exists between the person in whose employ the services were performed and the individual who performed them.

Example. A is employed by B during the month of January 1945 and is entitled to receive remuneration of \$100 for the services performed for B, the employer, during the month. A leaves the employ of B at the close of business on January 31, 1945. On February 15, 1945 (when A is no longer an employee of B), B pays A the remuneration of \$100 which was earned for the services performed in January. The \$100 is wages within the meaning of the statute.

(b) *Pensions, retired pay, and employees' trusts.* In general, pensions and retired pay are wages subject to withholding. However, no withholding is required with respect to amounts paid to an employee upon retirement which are taxable as annuities under the provisions of section 22 (b) (2). So-called pensions awarded by one to whom no services have been rendered are mere gifts or gratuities and do not constitute wages.

No withholding is required with respect to an employer's contributions to, or with respect to distributions under, a pension, stock bonus, profit-sharing, annuity plan, or other plan deferring the receipt of compensation by the employee, including amounts paid or contributed by an employer in conjunction with such a plan in respect of life insurance or death benefits, if the contributions of the employer to such plan are of the character for which a deduction is allowable under section 23 (p). As to information at the source with respect to payments referred to in this paragraph, see section 147 and the regulations thereunder.

Wages representing retired pay for service in the military or naval forces of the United States are subject to withholding unless the individual receiving such pay has been retired because of personal injuries or sickness resulting from active service with such forces. Where such retired pay is paid to a non-resident alien individual no withholding is required. See section 1621 (a) (6). Payments of pensions or other benefits under the War Risk Insurance Act, as amended, the World War Veterans' Act, 1924, as amended, the Emergency Officers' Retirement Act, as amended, the World War Adjusted Compensation Act, as amended, the pension laws in effect prior to March 20, 1933, Public Law Numbered 2, Seventy-third Congress, as amended, Public Law Numbered 484, Seventy-third Congress, and any Act or Acts amendatory of such Acts, are not includible in gross income under Chapter 1 of the Internal Revenue Code and hence are not subject to withholding.

(c) *Traveling and other expenses.* Amounts paid specifically—either as advances or reimbursements—for traveling or other bona fide ordinary and necessary expenses incurred or reasonably expected to be incurred in the business of the employer are not wages and are not subject to withholding. Traveling and other reimbursed expenses must be identified either by making a separate payment or by specifically indicating the separate amounts where both wages and expense allowances are combined in a single payment.

(d) *Vacation allowances.* Amounts of so-called "vacation allowances" paid to an employee constitute wages. Thus, the salary of an employee on vacation, paid notwithstanding his absence from work, constitutes wages.

(e) *Dismissal payments.* Any payments made by an employer to any employee on account of dismissal, that is, involuntary separation from the service of the employer, constitute wages regardless of whether the employer is legally bound by contract, statute, or otherwise to make such payments.

(f) *Deductions by employer from wages of employee.* The amount of any tax which is required by law to be deducted by the employer from the wages of an employee is considered to be a part of the employee's wages and is deemed to be paid to the employee as wages at the time the deduction is made. Other amounts deducted from the wages of an employee by an employer also constitute wages paid to the employee at the time of the deduction. It is immaterial that the Internal Revenue Code, or any Act of Congress, or the law of any State, requires or permits such deductions and the payment of the amounts thereof to the United States, a State, a Territory, or the District of Columbia, or any political subdivision of any one or more of the foregoing.

(g) *Payment by an employer of employee's tax, or employee's contributions under a State law.* The term "wages" includes the amount paid by an employer on behalf of an employee (without deduction from the remuneration of, or other reimbursements from, the employee) on account of any payment required from an employee under a State unemployment compensation law, or on account of any tax imposed upon the employee by any taxing authority, including the taxes imposed by sections 1400 and 1500.

(h) *Remuneration for services as employee of nonresident alien individual or foreign entity.* The term "wages" includes remuneration for services performed by a citizen or resident of the United States as an employee of a non-resident alien individual, foreign partnership, or foreign corporation whether or not such alien individual or foreign entity is engaged in trade or business within the United States. Any 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, is subject to all the provisions of law and regulations applicable with respect to an employer. See § 405.105.

§ 405.102 Exclusions from wages—

(a) *Fees paid to a public official.* Authorized fees paid to public officials such as notaries public, clerks of courts, sheriffs, etc., for services rendered in the performance of their official duties are excepted from the definition of the term "wages" and hence are not subject to withholding. However, salaries paid such officials by the Government, or Government agency or instrumentality, are subject to withholding.

(b) *Compensation of military and naval forces.* Remuneration paid for services performed as a member of the military or naval forces of the United States is excepted from the definition of the term "wages." Pensions and retired pay, if includible in gross income under Chapter 1 of the Internal Revenue Code, are not within the exception and hence constitute wages subject to withholding. For the purpose of the exception, the military and naval forces of the United States include (but are not necessarily limited to) the Army, the Navy, the Marine Corps, the Coast Guard, the

Army Nurse Corps, Female, the Navy Nurse Corps, Female, the Women's Army Corps (the "WACS"), the Women's Reserve Branch of the Naval Reserve (the "WAVES"), the Women's Reserve Branch of the Coast Guard Reserve (the "SPARS"), and the Marine Corps Women's Reserve.

(c) *Remuneration paid for agricultural labor*—(1) *In general.* The term "wages" does not include remuneration for services which constitute agricultural labor as defined in section 1426 (h). The term "agricultural labor" as so defined includes services of a character described in subparagraphs (2), (3), (4), and (5) of this paragraph. In general, however, the term "agricultural labor" does not include services performed in connection with forestry, lumbering, or landscaping.

(2) *Services described in section 1426 (h) (1).* Remuneration paid for services performed on a farm by an employee of any person in connection with any of the following activities is excepted as remuneration for agricultural labor:

- (i) The cultivation of the soil;
- (ii) The raising, shearing, feeding, caring for, training, or management of livestock, bees, poultry, fur-bearing animals, or wildlife; or
- (iii) The raising or harvesting of any other agricultural or horticultural commodity.

The term "farm" as used in this paragraph includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, orchards, and such greenhouses and other similar structures as are used primarily for the raising of agricultural or horticultural commodities. Greenhouses and other similar structures used primarily for other purposes (for example, display, storage, and fabrication of wreaths, corsages, and bouquets), do not constitute "farms."

(3) *Services described in section 1426 (h) (2).* The remuneration paid for the following services performed by an employee in the employ of the owner or tenant or other operator of one or more farms is excepted as remuneration for agricultural labor, *Provided*, The major part of such services is performed on a farm:

- (i) Services performed in connection with the operation, management, conservation, improvement, or maintenance of any such farms or its tools or equipment; or
- (ii) Services performed in salvaging timber, or clearing land of brush and other debris, left by a hurricane.

The services described in (i) above may include, for example, services performed by carpenters, painters, mechanics, farm supervisors, irrigation engineers, bookkeepers, and other skilled or semiskilled workers, which contribute in any way to the conduct of the farm or farms, as such, operated by the person employing them, as distinguished from any other enterprise in which such person may be engaged. Since the services described in this subparagraph must be performed in the employ of the owner or tenant or other operator of the farm,

the exception does not extend to remuneration paid for services performed by employees of a commercial painting concern, for example, which contracts with a farmer to renovate his farm properties.

(4) *Services described in section 1426 (h) (3).* Remuneration paid for services performed by an employee in the employ of any person in connection with any of the following operations is excepted as remuneration for agricultural labor without regard to the place where such services are performed:

- (i) The ginning of cotton;
- (ii) The hatching of poultry;
- (iii) The raising or harvesting of mushrooms;
- (iv) The operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying or storing water for farming purposes;

(v) The production or harvesting of maple sap or the processing of maple sap into maple sirup or maple sugar (but not the subsequent blending or other processing of such sirup or sugar with other products); or

(vi) The production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum rosin, provided such processing is carried on by the original producer of such crude gum.

(5) *Services described in section 1426 (h) (4).* (i) Remuneration paid for services performed by an employee in the employ of a farmer or a farmers' cooperative organization or group in the handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, of any agricultural or horticultural commodity, other than fruits and vegetables (see subdivision (ii) below), produced by such farmer or farmer-members of such organization or group of farmers is excepted, provided such services are performed as an incident to ordinary farming operations.

Generally services are performed "as an incident to ordinary farming operations" within the meaning of this paragraph if they are services of the character ordinarily performed by the employees of a farmer or of a farmers' cooperative organization or group as a prerequisite to the marketing, in its unmanufactured state, of any agricultural or horticultural commodity produced by such farmer or by the members of such farmer's organization or group. Services performed by employees of such farmer or farmers' organization or group in the handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, of commodities produced by persons other than such farmer or members of such farmers' organization or group are not performed "as an incident to ordinary farming operations."

(ii) Remuneration paid for services performed by an employee in the employ of any person in the handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for

transportation to market, of fruits and vegetables, whether or not of a perishable nature, is excepted as remuneration for agricultural labor, *Provided*, Such services are performed as an incident to the preparation of such fruits and vegetables for market. For example, if services in sorting, grading, or storing of fruits, or in the cleaning of beans, are performed as an incident to their preparation for market, remuneration paid for such services may be excepted whether the services are performed in the employ of a farmer, a farmers' cooperative, or a commercial handler of such commodities.

(iii) The services described in subdivisions (i) and (ii), above, do not include services performed in connection with commercial canning or commercial freezing, or in connection with any commodity after its delivery to a terminal market for distribution for consumption. Moreover, since the services described in such subdivisions must be rendered in the actual handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, of the commodity, such services do not, for example, include services performed as stenographers, bookkeepers, clerks, and other office employees, even though such services may be in connection with such activities. However, to the extent that the services of such individuals are performed in the employ of the owner or tenant or other operator of a farm and are rendered in major part on a farm, they may be within the provisions of subparagraph (3) of this paragraph.

(d) *Remuneration paid for domestic service.* Remuneration paid for services of a household nature performed by an employee in or about the private home of the person by whom he is employed, or performed in or about the club rooms or house of a local college club or local chapter of a college fraternity or sorority by which he is employed, is excepted from the term "wages."

A private home is the fixed place of abode of an individual or family.

A local college club or local chapter of a college fraternity or sorority does not include an alumni club or chapter.

If the home is utilized primarily for the purpose of supplying board or lodging to the public as a business enterprise, it ceases to be a private home and the remuneration paid for services performed therein is not excepted. Likewise, if the club rooms or house of a local college club or local chapter of a college fraternity or sorority is used primarily for such purpose, the remuneration paid for services performed therein is not within the exception.

In general, services of a household nature in or about a private home include services rendered by cooks, maids, butlers, valets, laundresses, furnacemen, gardeners, footmen, grooms, and chauffeurs of automobiles for family use. In general, services of a household nature in or about the club rooms or house of a local college club or local chapter of a college fraternity or sorority include services rendered by cooks, maids, butlers,

laundresses, furnacemen, waiters, and housemothers.

The remuneration paid for the services above enumerated is not within the exception if performed in or about rooming or lodging houses, boarding houses, clubs (except local college clubs), hotels, hospitals, eleemosynary institutions, or commercial offices or establishments.

Remuneration paid for services performed as a private secretary, even though performed in the employer's home, is not within the exception.

(e) *Remuneration for casual labor not in the course of employer's trade or business.* The term "casual labor" includes labor which is occasional, incidental, or irregular.

The expression "not in the course of the employer's trade or business" includes labor that does not promote or advance the trade or business of the employer.

Thus remuneration paid for labor which is occasional, incidental, or irregular, and does not promote or advance the employer's trade or business, is excepted.

Example. A's business is that of operating a sawmill. He employs B, a carpenter, at an hourly wage to repair his home. B works irregularly and spends the greater part of two days in completing the work. Since B's labor is casual and is not in the course of A's trade or business, the remuneration paid for such services is excepted.

The remuneration paid for casual labor, that is, labor which is occasional, incidental, or irregular, but which in the course of the employer's trade or business, does not come within the above exception.

Example (1). C's business is that of operating a sawmill. He employs D for two hours, at an hourly wage, to remove sawdust from his mill. D's labor is casual since it is occasional, incidental, or irregular, but it is in the course of C's trade or business and the remuneration paid for such labor is not excepted.

Example (2). E is engaged in the business of operating a department store. He employs additional clerks for short periods. While the services of the clerks may be casual, they are in the course of the employer's trade or business and, therefore, the remuneration paid for such services is not excepted.

Remuneration paid for casual labor performed for a corporation does not come within this exception.

(f) *Compensation paid by foreign government.* Remuneration paid for services performed as an employee of a foreign government or the government of the Commonwealth of the Philippines, is excepted. The exception includes not only remuneration paid for services performed by ambassadors, ministers, and other diplomatic officers and employees but also remuneration paid for services performed as a consular or other officer or employee of a foreign government, or the government of the Commonwealth of the Philippines, or as a nondiplomatic representative of such a government. However, the exception does not include remuneration for services performed for a corporation created or organized in the United States or under the laws of the United States or of any State (including

the District of Columbia or the Territory of Alaska or Hawaii) even though such corporation is wholly owned by such a government.

The citizenship or residence of the employee and the place where the services are performed are immaterial for purposes of the exception.

(g) *Compensation paid to nonresident alien individuals.* Except in the case of certain nonresident alien individuals who are residents of Canada and Mexico, remuneration for services performed by nonresident alien individuals does not constitute wages subject to withholding under section 1622. For withholding of income tax on wages paid for services performed within the United States in the case of nonresident alien individuals generally, see section 143 and regulations thereunder.

Withholding is required in the case of wages paid to nonresident aliens who are residents of a contiguous country (Canada or Mexico) and who enter and leave the United States at frequent intervals, except such aliens who, in the performance of their duties in transportation service between points in the United States and points in a contiguous country, enter and leave the United States at frequent intervals. This exception applies to personnel engaged in railroad, ferry, steamboat, and aircraft services and applies alike whether the employer is a domestic or foreign entity. Thus, the wages of a nonresident alien individual who is a resident of Canada and an employee of a domestic railroad, for services as a member of the crew of a train operating between points in Canada and points in the United States, shall not be subject to withholding under section 1622. The exemption, however, has no application to a resident of Canada who, for example, is employed at a fixed point in the United States, such as a factory, store, or office, and who commutes from his home in Canada in the pursuit of his employment within the United States; nor does it apply to an alien employee of a railroad corporation who is on duty within the United States, even though he enters and leaves the United States in reaching his place of employment from his home in a contiguous country.

In order for the exemption to apply, the nonresident alien employee must file with his employer a certificate containing the following: The employee's name and address, and a statement that he is not a citizen of the United States, and that he is a resident of the named contiguous country and the approximate period of time during which he has occupied such status. Such certificate shall contain, or be verified by, a written declaration that it is made under the penalties of perjury. Although the form is not prescribed, the certificate must contain all the information required by this paragraph.

(h) *Remuneration for services performed outside the United States.* The remuneration paid by an employer for services performed outside the United States does not constitute wages and hence is not subject to withholding if the major part of the services performed by

the employee for such employer during the calendar year is to be performed outside the United States. The term "United States" includes the several States, the Territories of Alaska and Hawaii, and the District of Columbia.

The exception relates only to the remuneration paid for the services performed outside the United States. Thus, if an employee performs services outside the United States for more than six months of the calendar year, the remuneration paid for such services does not constitute wages and hence is not subject to withholding, but the remuneration paid for services performed within the United States for such employer during the remainder of the calendar year constitutes wages and is subject to withholding.

If, however, an employee is absent from the United States on business of his employer for less than six months of the calendar year and performs services for such employer within the United States during the remainder of the calendar year, the entire amount of the remuneration paid for services performed during the calendar year constitutes wages and is subject to withholding.

However, it is recognized that in the case of an employee performing, outside the United States, services of indefinite duration, it may be impossible for the employer to determine whether the major portion of the employee's services during the calendar year is to be performed within the United States or outside the United States. In such case it may be presumed that such performance will continue throughout the calendar year and the liability of the employer to withhold tax on the compensation paid for such services performed outside the United States shall be determined in the light of such presumption. Thus, if an employee undertakes for his employer the performance of services abroad of indefinite duration, or for a term extending beyond the end of the calendar year, and such employee has not already withheld in the calendar year performed services within the United States for a length of time which would constitute, in any circumstances, the major part of the year's services for such employer, no tax is required to be withheld on the compensation paid for services performed by such employee outside the United States.

Example (1). A has been regularly employed by B, and is sent abroad under such conditions that it is not possible to know when he will return: (a) If A goes abroad on January 1, no tax is required to be withheld on compensation paid to A for services performed abroad, but on the compensation paid for services performed after his return to the United States tax should be withheld; (b) if A goes abroad on June 20, the same rules are applicable, and therefore no tax is required to be withheld on the compensation for services performed abroad but on compensation for services performed after his return to the United States tax should be withheld; (c) if A goes abroad on August 1, tax should be withheld on the compensation paid A for all services performed during the calendar year, since under no circumstances could the major part of the services performed during such year be performed outside the United States.

Example (2). A begins his employment with B on July 1, and on September 1 is sent abroad under the circumstances described in example (1). No tax is required to be withheld on the compensation paid A for the services performed abroad.

Example (3). A begins his employment with B on July 1, and on November 1 is sent abroad under the circumstances described in example (1). Tax is required to be withheld on the compensation paid A for the services performed abroad, as well as on compensation paid for services performed within the United States for the reasons set forth in example (1) (c).

For the purposes of this paragraph, services performed on or in connection with (1) 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 or (2) any vessel as an employee of the United States employed through the War Shipping Administration are not considered as services performed outside the United States. Hence, the remuneration paid for such services constitutes wages subject to withholding within the meaning of section 1621 (a) and the regulations in this part unless the employee performing such services is a nonresident alien.

The word "vessel" includes every description of watercraft, or other contrivance, used as a means of transportation on water. It does not include any type of aircraft.

The term "American vessel" means any vessel which is documented (that is, registered, enrolled, or licensed) or numbered in conformity with the laws of the United States. It also 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 the crew of such vessel 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 (including the District of Columbia or the Territory of Alaska or Hawaii).

(i) *Compensation for services performed as a minister of the gospel.* Compensation for services performed as a minister of the gospel is not subject to withholding under section 1622. The exception is extended to remuneration of ministers of the gospel for services which are ordinarily the duties of a minister of the gospel. The duties of a minister of the gospel include the ministrations of sacerdotal functions and conduct of religious worship, and the control, conduct, and maintenance of religious organizations (including the religious boards, societies, and other integral agencies of such organizations), under the authority of a religious body constituting a church or church denomination.

[SEC. 1621. DEFINITIONS—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

[As used in this subchapter (subchapter D of chapter 9)—]

(b) *Payroll period.* 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.

§ 405.103 *Payroll period.* The term "payroll period" means the period of service for which a payment of wages is ordinarily made to an employee by his employer. It is immaterial that the wages are not always paid at regular intervals. For example, if an employer ordinarily pays a particular employee for each calendar week at the end of the week, but if for some reason the employee in a given week receives a payment in the middle of the week for the portion of the week already elapsed and receives the remainder at the end of the week, the payroll period is still the calendar week; or if, instead, that employee is sent on a 3-week trip by his employer and receives at the end of the trip a single wage payment for three weeks' services, the payroll period is still the calendar week, and the wage payment shall be treated as though it were three separate weekly wage payments.

For the purpose of section 1622, an employee can have but one payroll period with respect to wages paid by any one employer. Thus, if an employee is paid a regular wage for a weekly payroll period and in addition thereto is paid supplemental wages (for example, bonuses) determined with respect to a different period, the payroll period is the weekly payroll period. For computation of tax on supplemental wage payments see § 405.209.

The term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

[SEC. 1621. DEFINITIONS—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

[As used in this subchapter (Subchapter D of Chapter 9)—]

(c) *Employee.* 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.

§ 405.104 *Employee.* The term "employee" includes every individual performing services if the relationship between him and the person for whom he performs such services is the legal relationship of employer and employee. The term specifically includes officers and employees, whether elected or appointed, 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.

Generally the relationship of employer and employee exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. That is, an employee is subject to the will and control of the employer not only as to what shall be done but how it shall be done. In this connection, it is not necessary that the employer actually direct or control the manner in which the services are performed; it is sufficient if he

has the right to do so. The right to discharge is also an important factor indicating that the person possessing that right is an employer. Other factors characteristic of an employer, but not necessarily present in every case, are the furnishing of tools and the furnishing of a place to work, to the individual who performs the services. In general, if an individual is subject to the control or direction of another merely as to the result to be accomplished by the work and not as to the means and methods for accomplishing the result, he is not an employee.

Generally, physicians, lawyers, dentists, veterinarians, contractors, subcontractors, public stenographers, auctioneers, and others who follow an independent trade, business, or profession, in which they offer their services to the public, are not employees.

Whether the relationship of employer and employee exists will in doubtful cases be determined upon an examination of the particular facts of each case.

If the relationship of employer and employee exists, the designation or description of the relationship by the parties as anything other than that of employer and employee is immaterial. Thus, if such relationship exists, it is of no consequence that the employee is designated as a partner, coadventurer, agent, or independent contractor.

The measurement, method, or designation of compensation is also immaterial, if the relationship of employer and employee in fact exists.

No distinction is made between classes or grades of employees. Thus superintendents, managers, and other superior employees are employees. An officer of a corporation is an employee of the corporation but a director as such is not. If, however, a director performs services for the corporation other than those required by attendance at and participation in meetings of the board of directors, he may or may not be an employee of the corporation. Whether or not such services are performed as an employee of the corporation must be determined upon the basis of the facts in the particular case.

Although an individual may be an employee under the statute, his services may be of such a nature, or performed under such circumstances, that the remuneration paid for such services does not constitute wages within the meaning of section 1621 (a).

[SEC. 1621. DEFINITIONS—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

[As used in this subchapter (Subchapter D of Chapter 9)—]

(d) *Employer.* 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 the 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 the purposes of subsection (a)) means such person.

§ 405.105 *Employer.* The term "employer" means any person for whom an individual performs or performed any service, of whatever nature, as the employee of such person.

It is not necessary that the services be continuing at the time the wages are paid in order that the status of employer exist. Thus, for purposes of withholding a person for whom an individual has performed past services for which he is still receiving wages from such person is an "employer."

If the person for whom the services are or were performed does not have legal control of the payment of the wages for such services, the term "employer" means (except for the purpose of the definition of "wages") the person having such control. For example, where wages, such as certain types of pensions or retired pay, are paid by a trust and the person for whom the services were performed has no legal control over the payment of such wages, the trust is the "employer."

The term "employer" also means (except for the purpose of the definition of "wages") any 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.

It is a basic purpose to centralize in the employer the responsibility for withholding, returning, and paying the tax and furnishing the statements required under section 1625. The foregoing two special definitions of the term "employer" are designed solely to meet unusual situations. They are not intended as a departure from the basic purpose.

As a matter of business administration, certain of the mechanical details of the withholding process may be handled by representatives of the employer. Thus, in the case of a corporate employer having branch offices, the branch manager or other representative may actually, as a matter of internal administration, withhold the tax or prepare the statements required under section 1625. Nevertheless, the legal responsibility for withholding, paying, and returning the tax and furnishing such statements rests with the corporate employer.

An employer may be an individual, a corporation, a partnership, a trust, an estate, a joint-stock company, an association, or a syndicate, group, pool, joint venture, or other unincorporated organization, group, or entity. A trust or estate, rather than the fiduciary acting for or on behalf of the trust or estate, is generally the employer.

The term "employer" embraces not only individuals and organizations engaged in trade or business, but organizations exempt from income tax, such as religious and charitable organizations, educational institutions, clubs, social organizations and societies, as well as the governments of the United States, the States, Territories, and the District of Columbia, including their agencies, in-

strumentalities, and political subdivisions.

[SEC. 1621. DEFINITIONS—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943, AND AMENDED BY SEC. 22 (A), INDIVIDUAL INCOME TAX ACT OF 1944.]

[As used in this subchapter (Subchapter D of Chapter 9)—]

(e) *Number of withholding exemptions claimed.* The term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under section 1622 (h), except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

§ 405.106 *Number of withholding exemptions claimed.* The term "number of withholding exemptions claimed" is defined in section 1621 (e). The number of withholding exemptions claimed must be taken into account in determining the amount of tax to be deducted and withheld under section 1622, whether the employer computes the tax in accordance with the provisions of subsection (a) or subsection (c) of section 1622.

The employer is not required to ascertain whether or not the number of withholding exemptions claimed is greater than the number of withholding exemptions to which the employee is entitled. If, however, the employer has reason to believe that the number of withholding exemptions claimed by an employee is greater than the number to which such employee is entitled, the collector should be so advised.

As to the number of withholding exemptions to which an employee is entitled, see § 405.205.

Section 3797 (a) and (b) of the Internal Revenue Code

(a) When used in this title [Internal Revenue Code] * * *

(1) *Person.* The term "person" shall be construed to mean and include an individual, trust, estate, partnership, company, or corporation.

(2) *Partnership* * * *. The term "partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this title, a trust or estate or a corporation * * *.

(3) *Corporation.* The term "corporation" includes associations, joint-stock companies, and insurance companies.

(4) *Domestic.* The term "domestic" when applied to a corporation or a partnership means created or organized in the United States or under the law of the United States or of any State or Territory.

(5) *Foreign.* The term "foreign" when applied to a corporation or partnership means a corporation or partnership which is not domestic.

(6) *Fiduciary.* The term "fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

(9) *United States.* The term "United States" when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(10) *State.* The word "State" shall be construed to include the Territories and the District of Columbia, where such construction is necessary to carry out provisions of this title.

(11) *Secretary.* The term "Secretary" means the Secretary of the Treasury.

(12) *Commissioner.* The term "Commissioner" means the Commissioner of Internal Revenue.

(13) *Collector.* The term "collector" means collector of internal revenue.

(14) *Taxpayer.* The term "taxpayer" means any person subject to a tax imposed by this title.

* * * * *

(b) *Includes and including.* The terms "includes" and "including" when used in a definition contained in this title shall not be deemed to exclude other things otherwise within the meaning of the term defined.

§ 405.107 *General definition and use of terms.* As used in the regulations in this part:

(a) The terms defined in the above provisions of law shall have the meanings so assigned to them.

(b) Internal Revenue Code means the Act approved February 10, 1939 (53 Stat., Part 1), entitled "An Act to consolidate and codify the internal revenue laws of the United States," as amended.

(c) Person includes an individual, a corporation, a partnership, a trust or estate, a joint-stock company, an association, or a syndicate, group, pool, joint venture or other unincorporated organization or group, through or by means of which any business, financial operation, or venture is carried on. It includes a guardian, committee, trustee, executor, administrator, trustee in bankruptcy, receiver, assignee for the benefit of creditors, conservator, or any person acting in a fiduciary capacity.

(d) The cross references in the regulations in this part to other portions of the regulations, when the word "see" is used, are made only for convenience, and shall be given no legal effect.

SUBPART C—DETERMINATION OF TAX

SEC. 1622. INCOME TAX COLLECTED AT SOURCE [AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943, AND AMENDED BY SEC. 22, INDIVIDUAL INCOME TAX ACT OF 1944].

(a) *Requirement of withholding.* Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to the sum of the following:

(1) 2.7 per centum of the amount by which the wages exceed the amount of one withholding exemption, the amount of such exemption for various payroll periods being shown in the table in subsection (b) (1) of this section;

(2) 18 per centum of whichever of the following is the lesser:

(A) The amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); or

(B) The amount shown in the last column in the table in subsection (b) (1);

(3) 19.8 per centum of the amount by which the wages exceed the sum of:

(A) The number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

(B) The amount shown in the last column in the table in subsection (b) (1).

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

IN THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS WEEKLY—continued

And the wages are—		The amount of tax to be withheld shall be—										
And the wages are—		0	1	2	3	4	5	6	7	8	9	10 or more
At least	But less than	\$8.70	\$9.80	\$4.90	\$2.00	\$1.00	\$0.50	\$0.25	\$0.125	\$0.0625	\$0.03125	\$0.015625
\$14	9.00	7.00	6.10	3.20	1.20	0.60	0.30	0.15	0.075	0.0375	0.01875
\$16	9.20	7.20	6.30	3.40	1.40	0.70	0.35	0.175	0.0875	0.04375	0.021875
\$18	9.40	7.40	6.50	3.60	1.60	0.80	0.40	0.20	0.10	0.05	0.025
\$20	9.60	7.60	6.70	3.80	1.80	0.90	0.45	0.225	0.1125	0.05625	0.028125
\$22	9.80	7.80	6.90	4.00	2.00	1.00	0.50	0.25	0.125	0.0625	0.03125
\$24	10.00	8.00	7.10	4.20	2.20	1.10	0.55	0.275	0.1375	0.06875	0.034375
\$26	10.20	8.20	7.30	4.40	2.40	1.20	0.60	0.30	0.15	0.075	0.0375
\$28	10.40	8.40	7.50	4.60	2.60	1.30	0.65	0.325	0.1625	0.08125	0.040625
\$30	10.60	8.60	7.70	4.80	2.80	1.40	0.70	0.35	0.175	0.0875	0.04375
\$32	10.80	8.80	7.90	5.00	3.00	1.50	0.75	0.375	0.1875	0.09375	0.046875
\$34	11.00	9.00	8.10	5.20	3.20	1.60	0.80	0.40	0.20	0.10	0.05
\$36	11.20	9.20	8.30	5.40	3.40	1.70	0.85	0.425	0.2125	0.10625	0.053125
\$38	11.40	9.40	8.50	5.60	3.60	1.80	0.90	0.45	0.225	0.1125	0.05625
\$40	11.60	9.60	8.70	5.80	3.80	1.90	0.95	0.475	0.2375	0.11875	0.059375
\$42	11.80	9.80	8.90	6.00	4.00	2.00	1.00	0.50	0.25	0.125	0.0625
\$44	12.00	10.00	9.10	6.20	4.20	2.10	1.05	0.525	0.2625	0.13125	0.065625
\$46	12.20	10.20	9.30	6.40	4.40	2.20	1.10	0.55	0.275	0.1375	0.06875
\$48	12.40	10.40	9.50	6.60	4.60	2.30	1.15	0.575	0.2875	0.14375	0.071875
\$50	12.60	10.60	9.70	6.80	4.80	2.40	1.20	0.60	0.30	0.15	0.075
\$52	12.80	10.80	9.90	7.00	5.00	2.50	1.25	0.625	0.3125	0.15625	0.078125
\$54	13.00	11.00	10.10	7.20	5.20	2.60	1.30	0.65	0.325	0.1625	0.08125
\$56	13.20	11.20	10.30	7.40	5.40	2.70	1.35	0.675	0.3375	0.16875	0.084375
\$58	13.40	11.40	10.50	7.60	5.60	2.80	1.40	0.70	0.35	0.175	0.0875
\$60	13.60	11.60	10.70	7.80	5.80	2.90	1.45	0.725	0.3625	0.18125	0.090625
\$62	13.80	11.80	10.90	8.00	6.00	3.00	1.50	0.75	0.375	0.1875	0.09375
\$64	14.00	12.00	11.10	8.20	6.20	3.10	1.55	0.775	0.3875	0.19375	0.096875
\$66	14.20	12.20	11.30	8.40	6.40	3.20	1.60	0.80	0.40	0.20	0.10
\$68	14.40	12.40	11.50	8.60	6.60	3.30	1.65	0.825	0.4125	0.20625	0.103125
\$70	14.60	12.60	11.70	8.80	6.80	3.40	1.70	0.85	0.425	0.2125	0.10625
\$72	14.80	12.80	11.90	9.00	7.00	3.50	1.75	0.875	0.4375	0.21875	0.109375
\$74	15.00	13.00	12.10	9.20	7.20	3.60	1.80	0.90	0.45	0.225	0.1125
\$76	15.20	13.20	12.30	9.40	7.40	3.70	1.85	0.925	0.4625	0.22875	0.115625
\$78	15.40	13.40	12.50	9.60	7.60	3.80	1.90	0.95	0.475	0.234375	0.11875
\$80	15.60	13.60	12.70	9.80	7.80	3.90	1.95	0.975	0.4875	0.240625	0.121875
\$82	15.80	13.80	12.90	10.00	8.00	4.00	2.00	1.00	0.50	0.25	0.125
\$84	16.00	14.00	13.10	10.20	8.20	4.10	2.05	1.025	0.5125	0.25625	0.128125
\$86	16.20	14.20	13.30	10.40	8.40	4.20	2.10	1.05	0.525	0.2625	0.13125
\$88	16.40	14.40	13.50	10.60	8.60	4.30	2.15	1.075	0.5375	0.26875	0.134375
\$90	16.60	14.60	13.70	10.80	8.80	4.40	2.20	1.10	0.55	0.275	0.1375
\$92	16.80	14.80	13.90	11.00	9.00	4.50	2.25	1.125	0.5625	0.28125	0.140625
\$94	17.00	15.00	14.10	11.20	9.20	4.60	2.30	1.15	0.575	0.2875	0.14375
\$96	17.20	15.20	14.30	11.40	9.40	4.70	2.35	1.175	0.5875	0.29375	0.146875
\$98	17.40	15.40	14.50	11.60	9.60	4.80	2.40	1.20	0.60	0.30	0.15
\$100	17.60	15.60	14.70	11.80	9.80	4.90	2.45	1.225	0.6125	0.30625	0.153125
\$102	17.80	15.80	14.90	12.00	10.00	5.00	2.50	1.25	0.625	0.3125	0.15625
\$104	18.00	16.00	15.10	12.20	10.20	5.10	2.55	1.275	0.6375	0.31875	0.159375
\$106	18.20	16.20	15.30	12.40	10.40	5.20	2.60	1.30	0.65	0.325	0.1625
\$108	18.40	16.40	15.50	12.60	10.60	5.30	2.65	1.325	0.6625	0.33125	0.165625
\$110	18.60	16.60	15.70	12.80	10.80	5.40	2.70	1.35	0.675	0.3375	0.16875
\$112	18.80	16.80	15.90	13.00	11.00	5.50	2.75	1.375	0.6875	0.34375	0.171875
\$114	19.00	17.00	16.10	13.20	11.20	5.60	2.80	1.40	0.70	0.35	0.175
\$116	19.20	17.20	16.30	13.40	11.40	5.70	2.85	1.425	0.7125	0.35625	0.178125
\$118	19.40	17.40	16.50	13.60	11.60	5.80	2.90	1.45	0.725	0.3625	0.18125
\$120	19.60	17.60	16.70	13.80	11.80	5.90	2.95	1.475	0.7375	0.36875	0.184375
\$122	19.80	17.80	16.90	14.00	12.00	6.00	3.00	1.50	0.75	0.375	0.1875
\$124	20.00	18.00	17.10	14.20	12.20	6.10	3.05	1.525	0.7625	0.38125	0.190625
\$126	20.20	18.20	17.30	14.40	12.40	6.20	3.10	1.55	0.775	0.3875	0.19375
\$128	20.40	18.40	17.50	14.60	12.60	6.30	3.15	1.575	0.7875	0.39375	0.196875
\$130	20.60	18.60	17.70	14.80	12.80	6.40	3.20	1.60	0.80	0.40	0.20
\$132	20.80	18.80	17.90	15.00	13.00	6.50	3.25	1.625	0.8125	0.40625	0.203125
\$134	21.00	19.00	18.10	15.20	13.20	6.60	3.30	1.65	0.825	0.4125	0.20625
\$136	21.20	19.20	18.30	15.40	13.40	6.70	3.35	1.675	0.8375	0.41875	0.209375
\$138	21.40	19.40	18.50	15.60	13.60	6.80	3.40	1.70	0.85	0.425	0.2125
\$140	21.60	19.60	18.70	15.80	13.80	6.90	3.45	1.725	0.8625	0.43125	0.215625
\$142	21.80	19.80	18.90	16.00	14.00	7.00	3.50	1.75	0.875	0.4375	0.21875
\$144	22.00	20.00	19.10	16.20	14.20	7.10	3.55	1.775	0.8875	0.44375	0.221875
\$146	22.20	20.20	19.30	16.40	14.40	7.20	3.60	1.80	0.90	0.45	0.225
\$148	22.40	20.40	19.50	16.60	14.60	7.30	3.65	1.825	0.9125	0.45625	0.228125
\$150	22.60	20.60	19.70	16.80	14.80	7.40	3.70	1.85	0.925	0.4625	0.23125
\$152	22.80	20.80	19.90	17.00	15.00	7.50	3.75	1.875	0.9375	0.46875	0.234375
\$154	23.00	21.00	20.10	17.20	15.20	7.60	3.80	1.90	0.95	0.475	0.2375
\$156	23.20	21.20	20.30	17.40	15.40	7.70	3.85	1.925	0.9625	0.48125	0.240625
\$158	23.40	21.40	20.50	17.60	15.60	7.80	3.90	1.95	0.975	0.4875	0.24375
\$160	23.60	21.60	20.70	17.80	15.80	7.90	3.95	1.975	0.9875	0.49375	0.246875
\$162	23.80	21.80	20.90	18.00	16.00	8.00	4.00	2.00	1.00	0.50	0.25
\$164	24.00	22.00	21.10	18.20	16.20	8.10	4.05	2.025	1.0125	0.50625	0.253125
\$166	24.20	22.20	21.30	18.40	16.40	8.20	4.10	2.05	1.025	0.5125	0.25625
\$168	24.40	22.40	21.50	18.60	16.60	8.30	4.15	2.075	1.0375	0.51875	0.259375
\$170	24.60	22.60	21.70	18.80	16.80	8.40	4.20	2.10	1.05	0.525	0.2625
\$172	24.80	22.80	21.90	19.00	17.00	8.50	4.25	2.125	1.0625	0.53125	0.265625
\$174	25.00	23.00	22.10	19.20	17.20	8.60	4.30	2.15	1.075	0.5375	0.26875
\$176	25.20	23.20	22.30	19.40	17.40	8.70	4.35	2.175	1.0875	0.54375	0.271875
\$178	25.40	23.40	22.50	19.60	17.60	8.80	4.40	2.20	1.10	0.55	0.275
\$180	25.60	23.60	22.70	19.80	17.80	8.90	4.45	2.225	1.1125	0.55625	0.278125
\$182	25.80	23.80	22.90	20.00	18.00	9.00	4.50	2.25	1.125	0.5625	0.28125
\$184	26.00	24.00	23.10	20.20	18.20	9.10	4.55	2.275	1.1375	0.56875	0.284375
\$186	26.20	24.20	23.30	20.40	18.40	9.20	4.60	2.30	1.15	0.575	0.2875
\$188	26.40	24.40	23.50	20.60	18.60	9.30	4.65	2.325	1.1625	0.58125	0.290625
\$190	26.60	24.60	23.70	20.80	18.80	9.40	4.70	2.35	1.175	0.5875	0.29375
\$192	26.80	24.80	23.90	21.00	19.00	9.50	4.75	2.375	1.1875	0.59375	0.296875
\$194	27.00	25.00	24.10	21.20	19.20	9.60	4.80	2.40	1.20	0.60	0.30
\$196	27.20	25.20	24.30	21.40	19.40	9.70	4.85	2.425	1.2125	0.60625	0.303125
\$198	27.40	25.40	24.50	21.60	19.60	9.80	4.90	2.45	1.225	0.6125	0.30625

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
\$340	But less than	\$70.60	\$68.20	\$65.80	\$63.40	\$61.00	\$58.60	\$56.20	\$53.80	\$51.40	\$49.00	\$46.60
\$360	But less than	\$74.00	\$71.60	\$69.20	\$66.80	\$64.40	\$62.00	\$59.60	\$57.20	\$54.80	\$52.40	\$50.00
\$380	But less than	\$77.40	\$75.00	\$72.60	\$70.20	\$67.80	\$65.40	\$63.00	\$60.60	\$58.20	\$55.80	\$53.40
\$400	But less than	\$80.80	\$78.40	\$76.00	\$73.60	\$71.20	\$68.80	\$66.40	\$64.00	\$61.60	\$59.20	\$56.80
\$400 and over	But less than	\$87.00	\$83.70	\$80.40	\$77.10	\$73.80	\$70.50	\$67.20	\$63.90	\$60.60	\$57.30	\$54.00

The amount of tax to be withheld shall be—

22.5 percent of the excess over \$400 plus

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
\$22	But less than	\$4.00	\$3.80	\$3.60	\$3.40	\$3.20	\$3.00	\$2.80	\$2.60	\$2.40	\$2.20	\$2.00
\$24	But less than	\$4.40	\$4.20	\$4.00	\$3.80	\$3.60	\$3.40	\$3.20	\$3.00	\$2.80	\$2.60	\$2.40
\$26	But less than	\$4.80	\$4.60	\$4.40	\$4.20	\$4.00	\$3.80	\$3.60	\$3.40	\$3.20	\$3.00	\$2.80
\$28	But less than	\$5.20	\$5.00	\$4.80	\$4.60	\$4.40	\$4.20	\$4.00	\$3.80	\$3.60	\$3.40	\$3.20
\$30	But less than	\$5.60	\$5.40	\$5.20	\$5.00	\$4.80	\$4.60	\$4.40	\$4.20	\$4.00	\$3.80	\$3.60
\$32	But less than	\$6.00	\$5.80	\$5.60	\$5.40	\$5.20	\$5.00	\$4.80	\$4.60	\$4.40	\$4.20	\$4.00
\$34	But less than	\$6.40	\$6.20	\$6.00	\$5.80	\$5.60	\$5.40	\$5.20	\$5.00	\$4.80	\$4.60	\$4.40
\$36	But less than	\$6.80	\$6.60	\$6.40	\$6.20	\$6.00	\$5.80	\$5.60	\$5.40	\$5.20	\$5.00	\$4.80
\$38	But less than	\$7.20	\$7.00	\$6.80	\$6.60	\$6.40	\$6.20	\$6.00	\$5.80	\$5.60	\$5.40	\$5.20
\$40	But less than	\$7.60	\$7.40	\$7.20	\$7.00	\$6.80	\$6.60	\$6.40	\$6.20	\$6.00	\$5.80	\$5.60
\$42	But less than	\$8.00	\$7.80	\$7.60	\$7.40	\$7.20	\$7.00	\$6.80	\$6.60	\$6.40	\$6.20	\$6.00
\$44	But less than	\$8.40	\$8.20	\$8.00	\$7.80	\$7.60	\$7.40	\$7.20	\$7.00	\$6.80	\$6.60	\$6.40
\$46	But less than	\$8.80	\$8.60	\$8.40	\$8.20	\$8.00	\$7.80	\$7.60	\$7.40	\$7.20	\$7.00	\$6.80
\$48	But less than	\$9.20	\$9.00	\$8.80	\$8.60	\$8.40	\$8.20	\$8.00	\$7.80	\$7.60	\$7.40	\$7.20
\$50	But less than	\$9.60	\$9.40	\$9.20	\$9.00	\$8.80	\$8.60	\$8.40	\$8.20	\$8.00	\$7.80	\$7.60
\$52	But less than	\$10.00	\$9.80	\$9.60	\$9.40	\$9.20	\$9.00	\$8.80	\$8.60	\$8.40	\$8.20	\$8.00
\$54	But less than	\$10.40	\$10.20	\$10.00	\$9.80	\$9.60	\$9.40	\$9.20	\$9.00	\$8.80	\$8.60	\$8.40
\$56	But less than	\$10.80	\$10.60	\$10.40	\$10.20	\$10.00	\$9.80	\$9.60	\$9.40	\$9.20	\$9.00	\$8.80
\$58	But less than	\$11.20	\$11.00	\$10.80	\$10.60	\$10.40	\$10.20	\$10.00	\$9.80	\$9.60	\$9.40	\$9.20
\$60	But less than	\$11.60	\$11.40	\$11.20	\$11.00	\$10.80	\$10.60	\$10.40	\$10.20	\$10.00	\$9.80	\$9.60
\$62	But less than	\$12.00	\$11.80	\$11.60	\$11.40	\$11.20	\$11.00	\$10.80	\$10.60	\$10.40	\$10.20	\$10.00
\$64	But less than	\$12.40	\$12.20	\$12.00	\$11.80	\$11.60	\$11.40	\$11.20	\$11.00	\$10.80	\$10.60	\$10.40
\$66	But less than	\$12.80	\$12.60	\$12.40	\$12.20	\$12.00	\$11.80	\$11.60	\$11.40	\$11.20	\$11.00	\$10.80
\$68	But less than	\$13.20	\$13.00	\$12.80	\$12.60	\$12.40	\$12.20	\$12.00	\$11.80	\$11.60	\$11.40	\$11.20
\$70	But less than	\$13.60	\$13.40	\$13.20	\$13.00	\$12.80	\$12.60	\$12.40	\$12.20	\$12.00	\$11.80	\$11.60
\$72	But less than	\$14.00	\$13.80	\$13.60	\$13.40	\$13.20	\$13.00	\$12.80	\$12.60	\$12.40	\$12.20	\$12.00
\$74	But less than	\$14.40	\$14.20	\$14.00	\$13.80	\$13.60	\$13.40	\$13.20	\$13.00	\$12.80	\$12.60	\$12.40
\$76	But less than	\$14.80	\$14.60	\$14.40	\$14.20	\$14.00	\$13.80	\$13.60	\$13.40	\$13.20	\$13.00	\$12.80
\$78	But less than	\$15.20	\$15.00	\$14.80	\$14.60	\$14.40	\$14.20	\$14.00	\$13.80	\$13.60	\$13.40	\$13.20
\$80	But less than	\$15.60	\$15.40	\$15.20	\$15.00	\$14.80	\$14.60	\$14.40	\$14.20	\$14.00	\$13.80	\$13.60
\$82	But less than	\$16.00	\$15.80	\$15.60	\$15.40	\$15.20	\$15.00	\$14.80	\$14.60	\$14.40	\$14.20	\$14.00
\$84	But less than	\$16.40	\$16.20	\$16.00	\$15.80	\$15.60	\$15.40	\$15.20	\$15.00	\$14.80	\$14.60	\$14.40
\$86	But less than	\$16.80	\$16.60	\$16.40	\$16.20	\$16.00	\$15.80	\$15.60	\$15.40	\$15.20	\$15.00	\$14.80
\$88	But less than	\$17.20	\$17.00	\$16.80	\$16.60	\$16.40	\$16.20	\$16.00	\$15.80	\$15.60	\$15.40	\$15.20
\$90	But less than	\$17.60	\$17.40	\$17.20	\$17.00	\$16.80	\$16.60	\$16.40	\$16.20	\$16.00	\$15.80	\$15.60
\$92	But less than	\$18.00	\$17.80	\$17.60	\$17.40	\$17.20	\$17.00	\$16.80	\$16.60	\$16.40	\$16.20	\$16.00
\$94	But less than	\$18.40	\$18.20	\$18.00	\$17.80	\$17.60	\$17.40	\$17.20	\$17.00	\$16.80	\$16.60	\$16.40
\$96	But less than	\$18.80	\$18.60	\$18.40	\$18.20	\$18.00	\$17.80	\$17.60	\$17.40	\$17.20	\$17.00	\$16.80
\$98	But less than	\$19.20	\$19.00	\$18.80	\$18.60	\$18.40	\$18.20	\$18.00	\$17.80	\$17.60	\$17.40	\$17.20
\$100	But less than	\$19.60	\$19.40	\$19.20	\$19.00	\$18.80	\$18.60	\$18.40	\$18.20	\$18.00	\$17.80	\$17.60
\$102	But less than	\$20.00	\$19.80	\$19.60	\$19.40	\$19.20	\$19.00	\$18.80	\$18.60	\$18.40	\$18.20	\$18.00
\$104	But less than	\$20.40	\$20.20	\$20.00	\$19.80	\$19.60	\$19.40	\$19.20	\$19.00	\$18.80	\$18.60	\$18.40
\$106	But less than	\$20.80	\$20.60	\$20.40	\$20.20	\$20.00	\$19.80	\$19.60	\$19.40	\$19.20	\$19.00	\$18.80
\$108	But less than	\$21.20	\$21.00	\$20.80	\$20.60	\$20.40	\$20.20	\$20.00	\$19.80	\$19.60	\$19.40	\$19.20
\$110	But less than	\$21.60	\$21.40	\$21.20	\$21.00	\$20.80	\$20.60	\$20.40	\$20.20	\$20.00	\$19.80	\$19.60
\$112	But less than	\$22.00	\$21.80	\$21.60	\$21.40	\$21.20	\$21.00	\$20.80	\$20.60	\$20.40	\$20.20	\$20.00
\$114	But less than	\$22.40	\$22.20	\$22.00	\$21.80	\$21.60	\$21.40	\$21.20	\$21.00	\$20.80	\$20.60	\$20.40
\$116	But less than	\$22.80	\$22.60	\$22.40	\$22.20	\$22.00	\$21.80	\$21.60	\$21.40	\$21.20	\$21.00	\$20.80
\$118	But less than	\$23.20	\$23.00	\$22.80	\$22.60	\$22.40	\$22.20	\$22.00	\$21.80	\$21.60	\$21.40	\$21.20
\$120	But less than	\$23.60	\$23.40	\$23.20	\$23.00	\$22.80	\$22.60	\$22.40	\$22.20	\$22.00	\$21.80	\$21.60
\$122	But less than	\$24.00	\$23.80	\$23.60	\$23.40	\$23.20	\$23.00	\$22.80	\$22.60	\$22.40	\$22.20	\$22.00
\$124	But less than	\$24.40	\$24.20	\$24.00	\$23.80	\$23.60	\$23.40	\$23.20	\$23.00	\$22.80	\$22.60	\$22.40
\$126	But less than	\$24.80	\$24.60	\$24.40	\$24.20	\$24.00	\$23.80	\$23.60	\$23.40	\$23.20	\$23.00	\$22.80
\$128	But less than	\$25.20	\$25.00	\$24.80	\$24.60	\$24.40	\$24.20	\$24.00	\$23.80	\$23.60	\$23.40	\$23.20
\$130	But less than	\$25.60	\$25.40	\$25.20	\$25.00	\$24.80	\$24.60	\$24.40	\$24.20	\$24.00	\$23.80	\$23.60
\$132	But less than	\$26.00	\$25.80	\$25.60	\$25.40	\$25.20	\$25.00	\$24.80	\$24.60	\$24.40	\$24.20	\$24.00
\$134	But less than	\$26.40	\$26.20	\$26.00	\$25.80	\$25.60	\$25.40	\$25.20	\$25.00	\$24.80	\$24.60	\$24.40
\$136	But less than	\$26.80	\$26.60	\$26.40	\$26.20	\$26.00	\$25.80	\$25.60	\$25.40	\$25.20	\$25.00	\$24.80
\$138	But less than	\$27.20	\$27.00	\$26.80	\$26.60	\$26.40	\$26.20	\$26.00	\$25.80	\$25.60	\$25.40	\$25.20
\$140	But less than	\$27.60	\$27.40	\$27.20	\$27.00	\$26.80	\$26.60	\$26.40	\$26.20	\$26.00	\$25.80	\$25.60
\$142	But less than	\$28.00	\$27.80	\$27.60	\$27.40	\$27.20	\$27.00	\$26.80	\$26.60	\$26.40	\$26.20	\$26.00
\$144	But less than	\$28.40	\$28.20	\$28.00	\$27.80	\$27.60	\$27.40	\$27.20	\$27.00	\$26.80	\$26.60	\$26.40
\$146	But less than	\$28.80	\$28.60	\$28.40	\$28.20	\$28.00	\$27.80	\$27.60	\$27.40	\$27.20	\$27.00	\$26.80
\$148	But less than	\$29.20	\$29.00	\$28.80	\$28.60	\$28.40	\$28.20	\$28.00	\$27.80	\$27.60	\$27.40	\$27.20
\$150	But less than	\$29.60	\$29.40	\$29.20	\$29.00	\$28.80	\$28.60	\$28.40	\$28.20	\$28.00	\$27.80	\$27.60
\$152	But less than	\$30.00	\$29.80	\$29.60	\$29.40	\$29.20	\$29.00	\$28.80	\$28.60	\$28.40	\$28.20	\$28.00
\$154	But less than	\$30.40	\$30.20	\$30.00	\$29.80	\$29.60	\$29.40	\$29.20	\$29.00	\$28.80	\$28.60	\$28.40
\$156	But less than	\$30.80	\$30.60	\$30.40	\$30.20	\$30.00	\$29.80	\$29.60	\$29.40	\$29.20	\$29.00	\$28.80
\$158	But less than	\$31.20	\$31.00	\$30.80	\$30.60	\$30.40	\$30.20	\$30.00	\$29.80	\$29.60	\$29.40	\$29.20
\$160	But less than	\$31.60	\$31.40	\$31.20	\$31.00	\$30.80	\$30.60	\$30.40	\$30.20	\$30.00	\$29.80	\$29.60
\$162	But less than	\$32.00	\$31.80	\$31.60	\$31.40	\$31.20	\$31.00	\$30.80	\$30.60	\$30.40	\$30.20	\$30.00
\$164	But less than	\$32.40	\$32.20	\$32.00	\$31.80	\$31.60	\$31.40	\$31.20	\$31.00	\$30.80	\$30.60	\$30.40
\$166	But less than	\$32.80	\$32.60	\$32.40	\$32.20	\$32.00	\$31.80	\$31.60	\$31.40	\$31.20	\$31.00	\$30.80
\$168	But less than	\$33.20	\$33.00	\$32.80	\$32.60	\$32.40	\$32.20	\$32.00	\$31.80	\$31.60	\$31.40	\$31.20
\$170	But less than	\$33.60	\$33.40	\$33.20	\$33.00	\$32.80	\$32.60	\$32.40	\$32.20	\$32.00	\$31.80	\$31.60
\$172	But less than	\$34.00	\$33.80	\$33.60	\$33.40	\$33.20	\$33.00	\$32.80	\$32.60	\$32.40	\$32.20	\$32.00
\$174	But less than	\$34.40	\$34.20	\$34.00	\$33.80	\$33.60	\$33.40	\$33.20	\$33.00	\$32.80	\$32.60	\$32.40
\$176	But less than	\$34.80</										

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS MONTHLY—continued

Table with columns for 'At least' wages, 'But less than' wages, and 'And the number of withholding exemptions claimed is-' (0 to 10 or more). It shows tax amounts for various wage brackets.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS SEMIMONTHLY—continued

Table with columns for 'At least' wages, 'But less than' wages, and 'And the number of withholding exemptions claimed is-' (0 to 10 or more). It shows tax amounts for various wage brackets, including a section for '22.5 percent of the excess over \$1,000 plus'.

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	\$1.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$1.50	\$1.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$1.75	\$2.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$2.00	\$2.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$2.25	\$2.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$2.50	\$2.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$2.75	\$3.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$3.00	\$3.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$3.25	\$3.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$3.50	\$3.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$3.75	\$4.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.00	\$4.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.25	\$4.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.50	\$4.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$4.75	\$5.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$5.00	\$5.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$5.25	\$5.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$5.50	\$5.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$5.75	\$6.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$6.00	\$6.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$6.25	\$6.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$6.50	\$6.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$6.75	\$7.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7.00	\$7.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7.25	\$7.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7.50	\$7.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7.75	\$8.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$8.00	\$8.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$8.25	\$8.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$8.50	\$8.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$8.75	\$9.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$9.00	\$9.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$9.25	\$9.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$9.50	\$9.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$9.75	\$10.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$10.00	\$10.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$10.50	\$11.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$11.00	\$11.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$11.50	\$12.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$12.00	\$12.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$12.50	\$13.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$13.00	\$13.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$13.50	\$14.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$14.00	\$14.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$14.50	\$15.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$15.00	\$15.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$15.50	\$16.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$16.00	\$16.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$16.50	\$17.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$17.00	\$17.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$17.50	\$18.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$18.00	\$18.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$18.50	\$19.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$19.00	\$19.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$19.50	\$20.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$20.00	\$21.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$21.00	\$22.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$22.00	\$23.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$23.00	\$24.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$24.00	\$25.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$25.00	\$26.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$26.00	\$27.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$27.00	\$28.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$28.00	\$29.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$29.00	\$30.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$30.00 and over		22.5 percent of the excess over \$30 plus																			
		6.00	6.20	6.00	5.70	5.40	5.10	4.80	4.50	4.20	3.90	3.60									

(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 Commissioner, under regulations prescribed by him with the approval of the Secretary, 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.

§ 405.201 Requirement of withholding. Section 1622 provides, at the election of the employer, alternative meth-

ods for computing the income tax collected at source on wages. Under the first method (hereinafter referred to as "the percentage method") the employer is required to deduct and withhold a tax computed in accordance with the provisions of section 1622 (a). Under the second method (hereinafter referred to as "the wage bracket method") the employer is required to deduct and withhold a tax determined in accordance with the tables provided in subsection (c) of section 1622. For the withholding exemption see § 405.202; for the wage bracket method see § 405.203; for constructive payment of wages see § 405.1.

The percentage method involves several calculations. In using this method reference must be made to the percentage method withholding table in section 1622 (b) (1). The steps in computing the tax under such method are summarized as follows:

Step 1. Subtract the amount of one withholding exemption (see percentage method withholding table) from the employee's wages. Multiply the remainder,

Step 4:

Total wage payment.....	\$82
Amount determined in step 2.....	\$33
Amount shown in last column of table for weekly payroll period.....	44
Total.....	77
Balance subject to 19.8 percent rate.....	5
	X 0.198
Portion of tax to be withheld.....	.99

Step 5:

Total tax to be withheld.....	10.83
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In the case of any employee who has no withholding exemption certificate in effect, or an employee who has claimed no exemption, the amount of one withholding exemption is to be used for the purpose of step 1, but no withholding exemptions are allowed for purposes of steps 2, 3, and 4.

Where the withholding is computed under the rules applicable to a miscellaneous payroll period, the wages and the amounts shown in the percentage method withholding table must be placed on a comparable basis. This may be accomplished by either of the following methods:

(a) Adjust the percentage method withholding table to accord with the number of days in the period by multiplying the amounts shown in the table as applicable per day of a miscellaneous payroll period by the number of days in such period. Using the table so adjusted compute the tax on the total wages paid for the period by the method outlined in the above example.

(b) Reduce the wages paid for the period to a daily basis by dividing the total wages by the number of days in the period. Compute the tax on the daily basis using the steps indicated in the above example and multiply the amount so computed by the number of days in the period.

§ 405.202 *Application of withholding exemptions*—(a) *In general.* Under the percentage method, regardless of the number of withholding exemptions claimed, the portion of the tax at the 2.7 percent rate is computed on the amount by which the wages paid exceed the amount of one withholding exemption. In the computation of the portions of the tax at the 18 percent rate and the 19.8 percent rate, the amount allowed as the withholding exemption depends upon the number of withholding exemptions claimed. The amount of the withholding exemption is determined in accordance with the percentage method withholding table contained in section 1622 (b) (1).

If the employee has an established payroll period, the amount of the withholding exemption is determined by reference to the line applicable to such payroll period in the percentage method withholding table and without regard to the time the employee is actually engaged in the performance of service during such payroll period.

Example (1). Employee A has a semi-monthly payroll period. The number of

withholding exemptions claimed by A is two. A's wages are determined at the rate of \$1.29 per hour. During a particular payroll period he works only 40 hours and earns \$49. In computing the amount of the tax at the 2.7 percent rate, the amount of one withholding exemption, or \$23, is allowable. In computing the amount of the tax at the 18 percent rate the amount of two withholding exemptions, or \$46, is allowable. The 19.8 percent rate is not applicable in this instance, since the amount of the wages paid for the payroll period is less than the maximum amount shown in the last column of the percentage method withholding table.

Example (2). Employee B has a weekly payroll period. The number of withholding exemptions claimed by B is zero. B's wages are determined at the rate of \$10 per day. During a particular week B worked only two days and resigned. The amount of the tax at the 2.7 percent rate is computed on the excess of \$20 over \$11, the latter amount being the amount of one withholding exemption for a weekly payroll period. The amount of the tax at the 18 percent rate is computed on the entire amount of \$20, which amount is less than the maximum amount subject to the 18 percent rate as shown in the percentage method withholding table. The 19.8 percent rate is not applicable in this instance, since the amount received is less than the amount shown in the last column of the percentage method withholding table.

(b) *Period not a payroll period.* If wages are paid for 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.

Example. An individual is hired by a contractor to perform services in connection with a building project. The number of withholding exemptions claimed by such individual is two. Wages were fixed at the rate of \$9 per day, to be paid upon completion of the project. The project was completed in 12 consecutive days, at the end of which period the individual is paid wages of \$90 for 10 days' services performed during the period. For the purpose of computing the tax at the 2.7 percent rate, the amount of the withholding exemption allowable for the 12-day period is \$18 (12×\$1.50). The amount of the withholding exemption allowable for the 12-day period, in computing the tax at the 18 percent rate, is \$36 (12×(2×\$1.50)). The 19.8 percent rate is not applicable, since the wages paid for the period of 12 days are less than the maximum amount subject to the 18 percent rate for such period.

(c) *Wages paid without regard to any period.* In the case of wages paid without regard to any particular period, as, for instance, commissions paid to a salesman upon completion of a sale, the withholding exemption is measured by the number of days elapsed (including Sundays and holidays) since the date of the last payment of wages to such employee by such employer during the calendar year, or the date on which employment with such employer began during the calendar year, or January 1 of such calendar year, whichever is the latest.

Example. On April 2, 1945, A was employed by the X Real Estate Co. to sell real estate on a commission basis, commissions to be paid only upon consummation of sales. The number of withholding exemptions claimed by A is one. On May 21, 1945, A received a commission of \$300. Again, on June 16, 1945,

A received a commission of \$400. The amount of the withholding exemption in respect of the commission paid on May 21 for the purpose of computing the tax at the 2.7 percent rate and the 18 percent rate is \$75 (0.150×\$500). The amount of the wages is insufficient for the 19.8 percent rate to be applicable in this instance. In respect of the commission paid on June 16, the amount of the withholding exemption for the purpose of computing the tax at the 2.7 percent rate is \$39 (0.150×\$260); for the purpose of computing the tax at the 18 percent rate, the maximum amount subject to tax at such rate, \$153 (0.09×\$260), is the amount to be used; and the amount of the wages subject to withholding at the 19.8 percent rate is the excess of the wages (\$400) over \$185 (\$39 plus \$155).

(d) *Period or elapsed time less than one week.* It is the general rule that if wages are paid for a payroll period or other period of less than one week, the withholding exemption allowable shall be the exemption allowable for a daily payroll period, or a miscellaneous payroll period containing the same number of days (including Sundays and holidays) as the payroll period or other period for which such wages are paid. The same rule is applicable in the case of wages paid without regard to a payroll period or other period, where the elapsed time as determined in accordance with the rule prescribed in § 405.202 (c) is less than one week.

Example (1). An employee having a daily payroll period is paid wages of \$12 per day. The number of withholding exemptions claimed by such employee is one. The amount of the withholding exemption allowable against the daily wage payment for the purpose of computing the tax at the 2.7 percent rate is \$1.50. The amount of each such daily wage payment subject to the tax at the 18 percent rate is \$6. The amount of the wages subject to withholding at the 19.8 percent rate is the excess of the wages (\$12) over \$7.50 (\$1.50 plus \$6).

Example (2). An employee works for a particular employer for four days for which he is paid \$36. The number of withholding exemptions claimed by the employee is two. The amount of the withholding exemption allowable for the purpose of computing the tax at the 2.7 percent rate is \$6 (4×\$1.50). The amount of the withholding exemption allowable for the purpose of computing the tax at the 18 percent rate is \$12 (4×\$3). The amount of the wages is insufficient for the 19.8 percent rate to be applicable.

Under certain conditions, however, if the payroll period, other period, or elapsed time where wages are paid without regard to any period, is less than one week, the employer may, at his election, deduct and withhold the tax computed as if the aggregate of the wages paid to the employee during the calendar week were paid for a weekly payroll period. Such election by the employer is limited to the case of an employee who works for wages only for such employer during the calendar week. Any employer electing to compute the tax upon the excess of the wages paid during the calendar week over the weekly exemption must secure a statement in writing from the employee, stating that he works for wages only for such employer, and that if he should thereafter secure additional employment for wages, he will within 10 days after the beginning of such additional employment, notify such employer of that fact. Such statement shall be

signed by the employee and shall contain or be verified by a written declaration that it is made under the penalties of perjury. No form of statement is specified, but any form used must include the contents specified above. An employer electing to compute the tax in accordance with the provisions of this paragraph should withhold from each wage payment an amount sufficient to insure withholding of the correct amount of tax.

If such employee secures additional employment for wages, such employer may not thereafter use the weekly exemption in computing the amount of tax to be withheld from the wages of such employee. In such event the daily or miscellaneous exemption will 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 30 days from the date on which such employee notifies such employer that he has secured additional employment for wages.

To illustrate the use of the weekly exemption in such a case: Assume the facts stated in example (2) above, except that the employer elects to use the weekly withholding exemption after securing the proper statement from the employee. In such case, the amount of the withholding exemption allowable for the purpose of computing the tax at the 2.7 percent rate is \$11, the amount of one withholding exemption for a weekly payroll period. The amount of the withholding exemption allowable for the purpose of computing the tax at the 18 percent rate is \$22 (2×\$11). The amount of the wages is insufficient for the 19.8 percent rate to apply.

As used in this paragraph the term "calendar week" means a period of seven consecutive days beginning with Sunday and ending with Saturday.

(e) *Rounding off of wage payment.* In determining the amount of tax to be deducted and withheld under the percentage method, the last digit of the wage amount may, at the election of the employer, be reduced to zero, or the wage amount may be computed to the nearest dollar. Thus, if the weekly wage is \$45.37, the employer may, in determining the amount of tax to be deducted and withheld, eliminate the last digit and determine the tax on the basis of a wage payment of \$45.30 or he may determine the tax on the basis of a wage payment of \$45.

§ 405.203 *Wage bracket withholding—*

(a) *In general.* The employer may elect to use the wage bracket method provided in section 1622 (c) instead of the percentage method with respect to any employee. The tax computed under the wage bracket method shall be in lieu of the tax required to be deducted and withheld under section 1622 (a). The employer may elect to use the wage bracket method in the case of one group of employees and the percentage method in the case of another group of employees.

(b) *Daily or miscellaneous period.* The table applicable to a daily or miscellaneous payroll period shows the tax on

the amount of wages for one day. Where the withholding is computed under the rules applicable to a miscellaneous payroll period, the wages and the amounts shown in the table must be placed on a comparable basis. This may be accomplished by either of the following methods:

(1) Adjust the amounts shown in the table to accord with the number of days in the period by multiplying such amounts by the number of days in such period. The amount of the tax required to be withheld is determined by applying the table as adjusted to the total wages paid for the period.

(2) Reduce the wages paid for the period to a daily basis by dividing the total wages by the number of days in the period. Apply the table to the wages so determined and multiply the result by the number of days in the period.

(c) *Period not a payroll period.* If wages are paid for a period which is not a payroll period, the amount to be deducted and withheld under the wage bracket method shall be the amount 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.

Example. An individual is hired by a contractor to perform services in connection with a construction project. The number of withholding exemptions claimed by the individual is two. Wages were fixed at the rate of \$9 per day, to be paid upon completion of the project. The project was completed in 12 days, at the end of which period the individual was paid \$90, representing wages for 10 days' services performed during the period. Under the wage bracket method the amount to be deducted and withheld from such wages is determined by dividing the amount of the wages (\$90) by the number of days in the period (12), the result being \$7.50. The amount of tax required to be withheld is determined under the table applicable to a miscellaneous payroll period. Under this table it will be found that the tax required to be withheld is \$1 multiplied by the number of days in such period, or \$12 for the 12-day period.

(d) *Wages paid without regard to any period.* If wages are paid without regard to any period, as, for instance, commissions paid to a salesman upon consummation of a sale, the amount of tax to be deducted and withheld shall be determined in the same manner as 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 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 latest.

Example. On April 2, 1945, A is hired by the X Real Estate Co. to sell real estate on a commission basis, commissions to be paid only upon consummation of sales. The number of withholding exemptions claimed by A is one. On May 21, 1945, A received a commission of \$300. Again, on June 16, 1945, A received a commission of \$400. Under the wage bracket method, the amount of tax

to be deducted and withheld in respect of the commission paid on May 21 is \$47.50, which amount is obtained by multiplying \$0.95 (tax under wage bracket table for a daily or miscellaneous payroll period where wages are at least \$6 but less than \$6.25 a day) by 50 (number of days elapsed); and the amount of tax to be withheld with respect to the commission paid on June 16 is \$78, which amount is obtained by multiplying \$3 (tax under wage bracket table for a daily or miscellaneous payroll period where wages are at least \$15 but less than \$15.50 a day) by 26 (number of days elapsed).

(e) *Period or elapsed time less than one week.* It is the general rule that if wages are paid for a payroll period or other period of less than one week, the tax to be deducted and withheld under the wage bracket method shall be the amount computed for a daily payroll period, or for a miscellaneous payroll period containing the same number of days (including Sundays and holidays) as the payroll period, or other period, for which such wages are paid. In the case of wages paid without regard to any period, if the elapsed time computed as provided in paragraph (d) is less than one week, the same rule is applicable.

Example (1). An employee having a daily payroll period is paid wages of \$7 per day. The number of withholding exemptions claimed by the employee is one. Under the table applicable to a daily payroll period, the amount of tax to be deducted and withheld from each such payment of wages is \$1.15.

Example (2). An individual is hired for four days, for which he is paid wages of \$30. The number of withholding exemptions claimed by him is two. The amount of tax to be deducted and withheld under the wage bracket method is \$5.20 (4×\$1.30).

If the payroll period, other period, or elapsed time where wages are paid without regard to any period, is less than one week, the employer may, under certain conditions, elect to deduct and withhold the tax determined by the application of the wage table for a weekly payroll period to the aggregate of the wages paid to the employee during the calendar week. The election to use the weekly wage table in such cases is subject to the limitations and conditions prescribed in § 405.202 (d) with respect to employers using the percentage method in similar cases.

(f) *Rounding off of wage payment.* In determining the amount to be deducted and withheld under the wage bracket method the wage amount may, at the election of the employer, be computed to the nearest dollar, *Provided*, Such amount is in excess of the highest wage bracket of the applicable table. Thus, if the payroll period with respect to an employee is weekly and the wage payment of a particular employee is \$255.25 the employer may compute the 22.5 percent of the excess over \$200 as if the excess were \$55 instead of \$55.25.

[SEC. 1622. INCOME TAX COLLECTED AT SOURCE—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

(g) *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 thirty-one consecutive days con-

stitutes 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.

§ 405.204 *Included and excluded wages.* If a portion of the remuneration paid by an employer to his employee for services performed during a payroll period constitutes wages, and the remainder does not constitute wages, all the remuneration paid the employee for services performed during such period shall for purposes of withholding be treated alike, that is, either all included as wages or all excluded. The time during which the employee performs services, the remuneration for which under section 1621 (a) constitutes wages, and the time during which he performs services, the remuneration for which under such section does not constitute wages, determine whether all the remuneration for services performed during the payroll period shall be deemed to be included or excluded.

If one-half or more of the employee's time in the employ of a particular person in a payroll period is spent in performing services the remuneration for which constitutes wages, then all the remuneration paid the employee for services performed in that payroll period shall be deemed to be wages.

If less than one-half of the employee's time in the employ of a particular person in a payroll period is spent in performing services the remuneration for which constitutes wages, then none of the remuneration paid the employee for services performed in that payroll period shall be deemed to be wages.

Example (1). Employee A is employed by B who operates a farm and a store. The remuneration paid A for services on the farm is excepted as remuneration for agricultural labor, and the remuneration for services performed in the store constitutes wages. Employee A is paid on a monthly basis. During a particular month, A works 120 hours on the farm and 80 hours in the store. None of the remuneration paid A for services performed during the month is deemed to be wages, since the remuneration paid for less than one-half of the services performed during the month constitutes wages.

During another month A works 75 hours on the farm and 120 hours in the store. All of the remuneration paid A for services performed during the month is deemed to be wages since the remuneration paid for one-half or more of the services performed during the month constitutes wages.

Example (2). Employee C is employed as a maid by D, a physician, whose home and office are located in the same building. The remuneration paid C for services in the home is excepted as remuneration for domestic service, and the remuneration paid for her services in the office constitute wages. C is paid on a weekly basis. During a particular week C works 20 hours in the home and 20 hours in the office. All of the remuneration paid C for services performed during that week is deemed to be wages, since the remuneration paid for one-half or more of the services performed during the week constitutes wages.

During another week C works 22 hours in the home and 15 hours in the office. None of the remuneration paid C for services performed during that week is deemed to be wages, since the remuneration paid for less than one-half of the services performed during the week constitutes wages.

The rules set forth in this section do not apply (1) with respect to any remuneration paid for services performed by an employee for his employer if the periods for which remuneration is paid by the employer vary to the extent that there is no period which constitutes a payroll period within the meaning of section 1621 (b), or (2) with respect to any remuneration paid for services performed by an employee for his employer if the payroll period for which remuneration is paid exceeds 31 consecutive days. In any such case withholding is required with respect to that portion of such remuneration which constitutes wages.

[SEC. 1622. INCOME TAX COLLECTED AT SOURCE—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943, AND AMENDED BY SEC. 22, INDIVIDUAL INCOME TAX ACT OF 1944.]

(h) *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) If the employee is married, an exemption with respect to his spouse, unless his spouse has in effect a withholding exemption certificate claiming a withholding exemption under subparagraph (A).

(C) 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 a curtax exemption under section 25 (b) (3) for the taxable year under chapter 1 in respect of which amounts deducted and withheld under this subchapter 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, etc.* 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 ten 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, etc., 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 Chapter 1 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 Commissioner, with the approval of the Secretary, 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, 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 thirty 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 the 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 shall continue in effect with respect to the employer until another such certificate takes effect under this subsection.

(5) *Contents of certificate.* Withholding exemption certificates shall be in such form and contain such information as the Commissioner may, with the approval of the Secretary, by regulations prescribe.

[SEC. 1626. PENALTIES—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

(d) *Penalties in respect of withholding certificates.* Any individual required to supply information to his employer under section 1622 (h) who willfully supplies false or fraudulent information, or who willfully fails to supply information thereunder which would require an increase in the tax to be withheld under section 1622, shall, in lieu of any penalty otherwise provided, upon conviction thereof, be fined not more than \$500, or imprisoned for not more than one year, or both.

Section 25 (b) of the Internal Revenue Code [as Amended by Sec. 10 (b), Individual Income Tax Act of 1944].

Credits for surtax only.—(1) *Credits.* There shall be allowed for the purpose of the surtax, but not for the normal tax, the following credits against net income:

(C) A curtax exemption of \$500 for each dependent whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than \$300, except that if such dependent is married the exemption in respect of such dependent shall not be allowed if such dependent has made a joint return with the other spouse under section 51 for a taxable year beginning in such calendar year.

(3) *Definition of dependent.* As used in this chapter the term "dependent" means

any of the following persons over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer:

- (A) A son or daughter of the taxpayer, or a descendent of either,
- (B) A stepson or stepdaughter of the taxpayer,
- (C) A brother, sister, stepbrother, or step-sister of the taxpayer,
- (D) The father or mother of the taxpayer, or an ancestor of either,
- (E) A stepfather or stepmother of the taxpayer,
- (F) A son or daughter of a brother or sister of the taxpayer,
- (G) A brother or sister of the father or mother of the taxpayer,
- (H) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer.

As used in this paragraph, the terms "brother" and "sister" include a brother or sister by the half-blood. For the purposes of determining whether any of the foregoing relationships exist, a legally adopted child of a person shall be considered a child of such person by blood. The term "dependent" does not include any individual who is a citizen or subject of a foreign country unless such individual is a resident of the United States or of a country contiguous to the United States. A payment to a wife which is includible under section 22 (k) or section 171 in the gross income of such wife shall not be considered a payment by her husband for the support of any dependent.

§ 405.205 *Rights to claim withholding exemptions.* An employee receiving wages shall on any day be entitled to withholding exemptions as provided in section 1622 (h) (1). In order to receive the benefit of such exemptions, the employee must file with his employer a withholding exemption certificate as provided in section 1622 (h) (2). See § 405.206.

The number of exemptions to which an employee is entitled on any day depends upon his status as single or married, upon the number of his dependents, and if married, upon the number of exemptions claimed by his spouse.

A single person is entitled to one withholding exemption for himself.

A married person is entitled to one withholding exemption for himself and one for his spouse, unless his spouse is employed and claims the withholding exemption for herself. Thus, a married couple is entitled to one withholding exemption for each spouse and they each may claim one exemption, but if one spouse does not claim his exemption the other spouse may claim both.

For the purpose of determining the number of withholding exemptions to which an employee is entitled for himself or his spouse on any day, the employee's status as a single person or a married person and, if married, whether a withholding exemption is claimed by his spouse, shall be determined as of such day. For example, a married employee having no dependents has in effect a withholding exemption certificate claiming one exemption for himself and one for his wife. On February 5, 1945, his wife dies. On February 6, 1945, the employee has the status of a single person and hence is entitled to a withholding exemption for himself only. Accordingly, he is required to file a new

withholding exemption certificate within 10 days from the date of death of his wife claiming not more than one withholding exemption.

Subject to the limitations stated below, an employee shall also be entitled on any day to a withholding exemption for each individual who may be reasonably expected to be his dependent for the taxable year beginning in the calendar year in which such day falls. For the purposes of the withholding exemption for an individual who may be reasonably expected to be a dependent, the following rules shall apply:

(a) The determination that an individual may or may not be reasonably expected to be a dependent shall be made on the basis of facts existing at the beginning of the day for which a withholding exemption for such individual is to be claimed. The individual in respect of whom an exemption is claimed must be in existence and bear the required relationship to the employee on the day in question.

(b) The determination that an individual may or may not be reasonably expected to be a dependent shall be made for the taxable year of the employee under Chapter 1 of the Internal Revenue Code in respect of which amounts deducted and withheld under Subchapter D of Chapter 9 of such Code in the calendar year in which the day in question falls are allowed as a credit. In general, amounts deducted and withheld under Subchapter D of Chapter 9 during any calendar year are allowed as a credit against the tax imposed by Chapter 1 for the taxable year which begins in, or with, such calendar year. For example, in order for an employee to be able to claim for the calendar year 1945 a withholding exemption with respect to a particular individual (other than the employee's spouse) there must be a reasonable expectation that the employee will be allowed a surtax exemption with respect to such individual under section 25 (b) for his income tax taxable year 1945.

(c) For the employee to be entitled on any day of the calendar year to a withholding exemption for an individual as a dependent, such individual must on such day be reasonably expected to receive less than \$500 of gross income for such calendar year, receive over half of his support from the employee during such calendar year, and be related to the employee in one of the relationships specified in section 25 (b) (3).

If an employee undertakes the support of an individual before July 1 of any calendar year and intends to support such individual for the rest of such year, it will be considered reasonable for such employee to claim for the purposes of the withholding exemption that he expects to furnish more than half the support of such individual for such calendar year.

An employee is not entitled to claim a withholding exemption for an individual otherwise reasonably expected to be a dependent of the employee if such individual is a citizen of a foreign country, unless such individual is at any time during the calendar year a resident of the United States, Canada, or Mexico.

§ 405.206 *Withholding exemption certificates.* Except as hereinafter provided, every employee receiving wages shall furnish his employer a signed withholding exemption certificate, on Form W-4 (Rev. 1944), relating to the number of withholding exemptions which he claims, which shall in no event exceed the number to which he is entitled. The employer is required to request a withholding exemption certificate from each employee, but if the employee fails to furnish such certificate, such employee shall be considered as claiming no withholding exemptions. Forms of certificate (Form W-4 (Rev. 1944)) will be supplied employers upon request to the collector for the district. In lieu of the prescribed form of certificate, employers may prepare and use a form which includes contents identical with the prescribed form. The certificates must be retained by the employer as a supporting record of the withholding exemption allowed.

Except as hereinafter provided, a withholding exemption certificate shall be furnished the employer by the employee on or before the date of the commencement of employment with the employer?

Section 1622 (h) (2) (B) provides for the filing of new withholding exemption certificates when any change occurs which affects the number of withholding exemptions to which an employee is entitled. If, on any day during the calendar year, such number is more than the number of withholding exemptions claimed by the employee on the withholding exemption certificate then in effect, the employee may furnish the employer with a new withholding exemption certificate on which the employee must in no event claim more than the number of withholding exemptions to which he is entitled on such day.

If, however, 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, the employee must within 10 days after the change occurs furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employee then claims, which must in no event exceed the number to which he is entitled on such day. The number of withholding exemptions claimed on a withholding exemption certificate previously filed may exceed the number to which the employee is entitled because of the following:

(a) The employee's wife (or husband) for whom the employee has been claiming a withholding exemption dies, is divorced, or claims her (or his) own withholding exemption on a separate certificate.

(b) The support of an individual for whom the employee has been claiming a withholding exemption is taken over by someone else, so that it can no longer be reasonably expected that the employee will furnish over half of the support of such individual for the particular calendar year.

(c) The employee finds that an individual claimed as a dependent on a withholding exemption certificate will receive \$500 or more of gross income of his or her own during the current calendar year.

Before December 1 of each year, every employer should request his employees to file amended withholding exemption certificates for the ensuing year, in the event of change in their exemption status since the filing of their latest certificates.

If on any day during the calendar year the number of withholding exemptions to which the employee will be, or may be reasonably expected to be, entitled at the beginning of his next taxable year under Chapter 1 of the Internal Revenue Code is different from the number to which the employee is entitled on such day, the following rules shall be applicable:

(a) If such number is greater than the number of withholding exemptions claimed in a withholding exemption certificate in effect on such day, the employee may, on or before December 1 of the year in which such change occurs, unless such change occurs in December, furnish his employer with a new withholding exemption certificate reflecting the increase in the number of withholding exemptions. If the change occurs in December, the certificate may be furnished on or after the date on which the change occurs.

(b) If such number is less than the number of withholding exemptions claimed in a withholding exemption certificate in effect on such day, the employee must, on or before December 1 of the year in which the change occurs, unless such change occurs in December, furnish his employer with a new withholding exemption certificate reflecting the decrease in the number of withholding exemptions. If the change occurs in December, the new certificate must be furnished within 10 days of the date on which the change occurs.

Thus, for example, a decrease in the number of withholding exemptions to which an employee is entitled at the beginning of the next taxable year under Chapter 1 of the Internal Revenue Code results when a dependent of the employee dies; when the employee ceases late in the year to support an individual so that it is not reasonable to expect that more than half of the individual's support will be received from the employee during the ensuing year; when a dependent of the employee begins to receive income late in the year so that it is reasonable to expect that the dependent will have a gross income of \$500 or more for the ensuing year.

No withholding exemption certificate is required to be furnished to his employer by an individual under 16 years of age performing services in the delivery or distribution of newspapers or shopping news unless such individual is paid wages by such employer in an amount in excess of the amount of one withholding exemption applicable in respect of such wages.

Section 1626 (d) provides criminal penalties applicable with respect to individuals who are required under section

1622 (h) to furnish to their employers information relating to the number of withholding exemptions claimed. The penalties are imposed upon any such individual (1) who willfully supplies false or fraudulent information, or (2) who willfully fails to supply information which would increase the tax required to be withheld at the source on his wages. The penalty in each instance is a fine of not more than \$500 or imprisonment for not more than one year, or both. Such penalties are in lieu of any penalties otherwise provided by law for failure to furnish the information required by section 1622 (h) or for the furnishing of false or fraudulent information under such section.

§ 405.207 *When withholding exemption certificates effective.* A withholding exemption certificate furnished the employer in cases in which no previous withholding exemption certificate is in effect with respect to such employer, 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.

A withholding exemption certificate furnished the employer in cases in which a previous withholding exemption certificate is in effect with respect to such employer shall, except as hereinafter provided, 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. However, at the election of the employer, except as hereinafter provided, 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.

A withholding exemption certificate furnished the employer pursuant to section 1622 (h) (2) (C), that is, where the change affects only the next year, shall not take effect, and may not be made effective, with respect to the calendar year in which the certificate is furnished.

For the purposes of this section the term "status determination date" means January 1 and July 1 of each year.

A withholding exemption certificate which takes effect under section 1622 (h) shall continue in effect with respect to the employee until another withholding exemption certificate takes effect under such section.

Section 22 (e) of the Individual Income Tax Act of 1944

New withholding exemption certificates to be furnished—(1) Old certificates made ineffective. Certificates furnished (whether before or after the enactment of this Act) under section 1622 (h) of the Internal Revenue Code, without regard to its amendment by this Act, shall have no effect with respect to withholding to which such section, as amended by this Act, is applicable.

(2) *Requirement of furnishing new certificate.* On or before December 1, 1944, and on or before the date of commencement of employment if such date occurs after December 1, 1944, and prior to January 1, 1945, each employee receiving wages shall furnish his employer with the withholding exemption certificate, required by section 1622 (h)

of the Internal Revenue Code (as amended by this Act) in the case of commencement of employment on or after January 1, 1945, and for such purposes the number of withholding exemptions which he is entitled to claim shall be the number which he would be entitled to claim if the day on which such certificate is so furnished were January 1, 1945.

(3) *When new certificates take effect.* A certificate furnished under paragraph (2) of this subsection shall take effect with respect to the first payment of wages with respect to which section 1622 of the Internal Revenue Code, as amended by this Act, is applicable. A certificate furnished under section 1622 (h) of the Internal Revenue Code, as amended by this Act, after December 1, 1944, and prior to January 1, 1945, and not furnished on or before the date of commencement of employment, shall take effect as provided in section 1622 (h) (3) (B) of such Code, as so amended, except that it may not be made effective with respect to any payment of wages to which section 1622 of such Code, as so amended, is not applicable. A certificate furnished under section 1622 (h) of such Code, as so amended, to an employer on or after January 1, 1945, and not furnished on or before the date of commencement of employment with such employer, shall take effect as provided in section 1622 (h) (3) (B) of such Code, as so amended, if such certificate is the first certificate so furnished and if on December 31, 1944, a certificate was in effect with respect to such employer under section 1622 (h) of such Code, without regard to such amendments.

§ 405.208 *New certificates to be furnished on or before December 1, 1944.* Each employer is required to ask each employee to furnish a new withholding exemption certificate on Form W-4 (Rev. 1944) on or before December 1, 1944. Every employee receiving wages shall furnish his employer the withholding exemption certificate so requested. However, the employer shall give effect to the new certificate only with respect to wages paid on or after January 1, 1945. Certificates on the old form (Form W-4) are to continue in effect until but not later than midnight December 31, 1944. In the case of an employee who begins employment with an employer during December 1944, and to whom wages are to be paid during such month, the employer must ask such employee for a certificate on the old form (Form W-4) and another certificate on the new form (Form W-4 (Rev. 1944)).

An employee filing a certificate on Form W-4 (Rev. 1944) in 1944 for use in 1945 may not claim on such certificate more than the number of withholding exemptions which he would be entitled to claim if the day on which certificate is furnished were January 1, 1945. The employer is not required to determine whether the employee has claimed the correct number of exemptions. However, if there is reason to believe that the employee has claimed an excessive number of exemptions, the collector should be so advised.

A complete listing of the classes of relatives of the employee eligible to be counted for withholding exemptions is shown on Form W-4 (Rev. 1944).

If the new withholding exemption certificate on Form W-4 (Rev. 1944) is filed with the employer on or before December 1, 1944, or, in the case of new employ-

ment, in December 1944 after December 1, 1944, on or before the date of commencement of employment, such certificate shall be given effect with the first payment of wages made on or after January 1, 1945. However, if the new certificate is not furnished on or before December 1, 1944, or on or before the date in December 1944 of commencement of employment with the employer but is furnished before January 1, 1945, it shall take effect with the first payment of wages made on or after the first status determination date (January 1 or July 1) which occurs at least 30 days from the date on which it is furnished, except that at the election of the employer it may be made effective beginning with any payment of wages made on or after January 1, 1945. Where a new certificate on Form W-4 (Rev. 1944) is not filed until on or after January 1, 1945, and is not filed on or before the date of commencement of employment with the employer, and a withholding exemption certificate was in effect with the same employer on December 31, 1944, such new certificate need not be made effective until the first payment of wages made on or after the first status determination date (January 1 or July 1) which occurs 30 days after the date on which such certificate is furnished, but the employer, at his election, may give effect to such certificate beginning with any payment of wages made after such certificate is filed.

A withholding exemption certificate on Form W-4 (Rev. 1944) which becomes effective shall continue in effect with respect to an employee until another such certificate takes effect.

The application of the foregoing rules relating to the filing of new withholding exemption certificates on Form W-4 (Rev. 1944) may be illustrated by the following examples:

Example (1). On December 1, 1944, A is a married man and has one child. A and his wife are both employees of the X Corporation. The child has no gross income. A's withholding exemption certificate in effect on December 1, 1944, states that he is a married person claiming all of the personal exemption for withholding and has one dependent. His wife's withholding exemption certificate in effect on such date states that she is a married person claiming none of the personal exemption for withholding. On such date it is reasonably to be expected that as of January 1, 1945, A's wife will not claim a withholding exemption for herself, that A will furnish over half of the support of the child, and that the child will not receive gross income of \$500 or more during the calendar year 1945. Under such circumstances the number of withholding exemptions which A is entitled to claim in the new withholding exemption certificate to be filed on or before December 1, 1944, is three.

Example (2). The Y Corporation maintains a weekly payroll period with respect to each employee and makes payment of wages every Saturday. On Monday, December 18, 1944, B begins employment with the Y Corporation. On or before such day B shall file with the Y Corporation one withholding exemption certificate to be made effective with respect to the wages paid on December 23 and December 30, 1944, and another withholding exemption certificate on Form W-4 (Rev. 1944) to be made effective with respect to the wages paid on or after January 1, 1945.

Example (3). C is an employee of the Z Corporation on December 1, 1944. He has

in effect with his employer a withholding exemption certificate on Form W-4. He fails to file a new withholding exemption certificate on Form W-4 (Rev. 1944) until December 15, 1944. The Z Corporation is not obliged to make such certificate effective until the first payment of wages made on or after July 1, 1945, but may elect to make it effective beginning with any payment of wages made on or after January 1, 1945.

Example (4). D on December 31, 1944, has in effect with his employer a withholding exemption certificate but fails to file with the same employer a new withholding exemption certificate on Form W-4 (Rev. 1944) until January 15, 1945. His employer need not give effect to the latter certificate until the first payment of wages made on or after July 1, 1945, but may elect to give effect to it at any time after it is filed. In any event, the old certificate may not be effective after December 31, 1944, and until the new certificate becomes effective (either upon first payment of wages made on or after July 1, 1945, or at such earlier time as the employer may elect) the employee will be considered as claiming no withholding exemptions.

[SEC. 1622. INCOME TAX COLLECTED AT SOURCE—AS ADDED BY SEC. 2 (a), CURRENT TAX PAYMENT ACT OF 1943.]

(1) *Overlapping pay periods, and so forth.* 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

the manner of withholding and the amount to be deducted and withheld under this subchapter shall be determined in accordance with regulations prescribed by the Commissioner with the approval of the Secretary 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.

§ 405.209 *Supplemental wage payments—(a) In general.* An employee's remuneration may consist of wages paid for a payroll period and supplemental wages, such as bonuses, commissions, and overtime pay, paid for the same or a different period, or without regard to a particular period. When such supplemental wages are paid (whether or not at the same time as the regular wages) the amount of the tax required to be withheld under section 1622 (a) (the percentage method) or under section 1622 (c) (the wage bracket method) shall be determined as follows:

The supplemental wages shall be aggregated with the wages paid for the payroll period, or, if not paid concurrently, shall be aggregated with the wages paid for the last preceding payroll period within the same calendar year or the current payroll period, and the amount of tax to be withheld shall be determined as if the aggregate of the supplemental wages and the regular wages constituted a single wage payment for the regular payroll period.

Example (1). A is employed as a salesman at a monthly salary of \$100 plus commissions on sales made during the month. The number of withholding exemptions claimed is one. During January 1945 A earned \$275 in commissions, which together with the salary of \$100 was paid on February 10, 1945. Under the wage bracket method the amount of the tax required to be withheld is shown in the table applicable to a monthly payroll period. Under this table it will be found that the amount of tax required to be withheld is \$70.

Example (2). B is employed at a salary of \$3,000 per annum paid semimonthly on the 15th day and the last day of each month, plus a bonus and commission determined at the end of each 3-month period. The number of withholding exemptions claimed is four. The bonus and commission for the 3-month period ending on March 31, 1945, amount to \$250, which was paid on April 10, 1945. Under the wage bracket method, the amount of tax required to be withheld on the aggregate of the bonus of \$250 and the last preceding semimonthly wage payment of \$125, or \$375, is \$62.60. Since tax in the amount of \$8.80 was withheld on the semimonthly wage payment of \$125, the amount to be withheld on April 10, 1945, is \$53.80.

(b) *Special rule where aggregate withholding exemption exceeds wages paid.* If supplemental wages are paid to an employee during a calendar year for a period which involves two or more consecutive payroll periods the wages for which are also paid during such calendar year and the aggregate of the wages paid for such payroll periods is less than the aggregate of the amounts determined under the table provided in section 1622 (b) (1) as the withholding exemptions applicable for such payrolls periods, the amount of the tax required to be withheld on the supplemental wages shall be computed as follows:

(1) Determine an average wage for each of such payroll periods by dividing the sum of the supplemental wages and the wages paid for such payroll periods by the number of such payroll periods.

(2) Determine a tax for each payroll period as if the amount of the average wage constituted the wages paid for such payroll period.

(3) From the sum of the taxes computed on the basis of the average wage per payroll period subtract the sum of the taxes previously withheld for such payroll periods and the remainder, if any, shall constitute the amount of the tax to be withheld upon the supplemental wages.

The rules prescribed in this paragraph shall, at the election of the employer, be applied in lieu of the rules prescribed in paragraph (a) except that this paragraph shall not be applicable in any case in which the payroll period of the employee is less than one week.

Example. An employee has a weekly payroll period ending on Saturday of each week, the wages for which are paid on Tuesday of the succeeding week. On the 10th day of each month he is paid a bonus based upon production during the payroll periods for which wages were paid in the preceding month. The employee was paid a weekly wage of \$35 on each of the five Tuesdays occurring on January 1945. On February 10, 1945, the employee was paid a bonus of \$125 based upon production during the five payroll periods covered by the wages paid in January. On the date of payment of the

bonus, the employee, who is married and has two children, has a withholding exemption certificate in effect claiming four withholding exemptions. The amount of the tax to be withheld from the bonus paid on February 10, 1945, is computed as follows:

Wages paid in January 1945 for five payroll periods (5×\$35).....	\$175.00
Bonus paid February 10, 1945.....	125.00
Aggregate of wages and bonus.....	300.00
Average wage per payroll period (\$300÷5).....	60.00

Computation of tax under percentage method:

Tax at 2.7 percent on (\$60—\$11).....	\$1.32
Tax at 18 percent on (\$60—\$44).....	2.88
Tax at 19.8 percent.....	None

Tax on average wage for one week.....	4.20
Tax on average wage for five weeks.....	21.00
Less: Tax previously withheld on weekly wage payments of \$35—\$0.65 per week for five weeks.....	3.25

Tax to be withheld on supplemental wages.....	17.75
Computation of tax under wage bracket method:	
Tax on \$60 wage under weekly wage table—\$4.60 per week for five weeks.....	23.00
Less: Tax previously withheld on weekly wage payments of \$35—\$0.70 per week for five weeks.....	3.50

Tax to be withheld on supplemental wages.....	19.50
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[SEC. 1622. INCOME TAX COLLECTED AT SOURCE—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

(1) *Overlapping pay periods, and so forth.* If a payment of wages is made to an employee by an employer—

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

the manner of withholding and the amount to be deducted and withheld under this subchapter shall be determined in accordance with regulations prescribed by the Commissioner with the approval of the Secretary 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.

§ 405.210 *Wages paid for payroll period of more than one year.* If wages are paid to an employee for a payroll period of more than one year, for the purpose of determining the amount of tax required to be deducted and withheld in respect of such wages:

(a) Under the percentage method, the amount of the tax shall be determined as if such payroll period constituted an annual payroll period, and

(b) Under the wage bracket method, the amount of the tax shall be determined as if such payroll period constituted a miscellaneous payroll period of 365 days.

[SEC. 1622. INCOME TAX COLLECTED AT SOURCE—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

(1) *Overlapping pay periods, and so forth.* If a payment of wages is made to an employee by an employer—

(4) Through an agent, fiduciary, or other person who also have 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 subchapter shall be determined in accordance with regulations prescribed by the Commissioner with the approval of the Secretary 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.

SEC. 1632. ACTS TO BE PERFORMED BY AGENTS [ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

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 Commissioner, under regulations prescribed by him with the approval of the Secretary, is authorized to designate such fiduciary, agent or other person to perform such acts as are required of employers under this chapter and as the Commissioner may specify. Except as may be otherwise prescribed by the Commissioner with the approval of the Secretary, 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.

§ 405.211 *Wages paid on behalf of two or more employers.* If a payment of wages is made to an employee by an employer 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 amount of the tax required to be withheld on each wage payment made through such agent, fiduciary, or person shall, whether the wages are paid separately on behalf of each employer or paid in a lump sum on behalf of all such employers, be determined upon the aggregate amount of such wage payment or payments in the same manner as if such aggregate amount had been paid by one employer. Hence, under either the percentage method or the wage bracket method the tax shall be determined upon the aggregate amount of the wage payment.

In any such case, each employer shall be liable for the return and payment of a pro rata portion of the tax so determined, such portion to be determined in the ratio which the amount contributed by the particular employer bears to the aggregate of such wages.

For example, three companies maintain a central management agency which carries on the administrative work of the several companies. The central agency organization consists of a staff of clerks, bookkeepers, stenographers, etc., who are the common employees of the three companies. The expenses of the central agency, including wages paid to the foregoing employees, are borne by the several companies in certain agreed proportions. Companies X and Y each pay 40 percent and Company Z pays 20 percent. The amount of the tax required to be withheld on the wages paid to persons employed in the central agency should be determined in accordance with the provisions of this section. In such event, Companies X and Y are each

liable as employers for the return and payment of 40 percent of the tax required to be withheld and Company Z is liable for the return and payment of 20 percent of the tax.

A fiduciary, agent, or other person acting for two or more employers may be authorized to withhold the tax under section 1622 with respect to the wages of the employees of such employers. Such fiduciary, agent, or other person may also be authorized to make and file returns of the tax withheld at source on such wages and to furnish the receipts required under section 1625. Application for authorization to perform such acts should be addressed to the Commissioner of Internal Revenue, Washington 25, D. C. If such authority is granted by the Commissioner, all provisions of law (including penalties) and regulations prescribed in pursuance of law applicable in respect of an employer shall be applicable to such fiduciary, agent, or other person. However, the employer for whom such fiduciary, agent, or other person acts shall remain subject to all provisions of law (including penalties) and regulations prescribed in pursuance of law applicable in respect of employers.

[SEC. 1622. INCOME TAX COLLECTED AT SOURCE—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

(1) *Withholding on basis of average wages.* The Commissioner may, under regulations prescribed by him with the approval of the Secretary, 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.

§ 405.212 *Withholding on basis of average wages.* The Commissioner may authorize the employer to withhold the tax under section 1622 on the basis of the employee's average estimated wages, with necessary adjustments, for any quarter. Before using such method the employer must receive authorization from the Commissioner. Applications to use such method must be accompanied by evidence establishing the need for the use of such method.

SUBPART D—LIABILITY FOR TAX

SEC. 1622. INCOME TAX COLLECTED AT SOURCE [AS ADDED BY SEC. 2 (B), CURRENT TAX PAYMENT ACT OF 1943, AND AMENDED BY SEC. 22, INDIVIDUAL INCOME TAX ACT OF 1944].

(a) *Requirement of withholding.* Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to the sum of the following:

(d) *Tax paid by recipient.* If the employer, in violation of the provisions of this subchapter, fails to deduct and withhold the tax under this subchapter, 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.

SEC. 1623. LIABILITY FOR TAX [AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943].

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

Section 3661 of the Internal Revenue Code—Enforcement of Liability for Taxes Collected

Whenever any person is required to collect or withhold any internal-revenue tax from any other person and to pay such tax over to the United States, the amount of tax so collected or withheld shall be held to be a special fund in trust for the United States. The amount of such fund shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations (including penalties) as are applicable with respect to the taxes from which such fund arose.

§ 405.301. *Liability for tax.* The employer is required to collect the tax by deducting and withholding the amount thereof from the employee's wages as and when paid, either actually or constructively. As to when wages are constructively paid, see § 405.1. An employer is required to deduct and withhold the tax notwithstanding the wages are paid in something other than money (for example, wages paid in stocks or bonds; see § 405.101) and to pay the tax to the collector or duly designated depository of the United States, as the case may be, in money. If wages are paid in property other than money, the employer should make necessary arrangements to insure that the amount of the tax required to be withheld is available for payment to the collector.

Every person required to deduct and withhold the tax under section 1622 from the wages of an employee is liable for the payment of such tax whether or not it is collected from the employee. If, for example, the employer deducts less than the correct amount of tax, or if he fails to deduct any part of the tax, he is nevertheless liable for the correct amount of the tax. However, if the employer in violation of the provisions of section 1622 fails to deduct and withhold the tax, and thereafter the income tax against which the tax under section 1622 may be credited is paid, the tax under section 1622 shall not be collected from the employer. Such payment does not, however, operate to relieve the employer from liability for penalties or additions to the tax for failure to deduct and withhold within the time prescribed by law or regulations made in pursuance of law. The employer will not be relieved of his liability for payment of the tax required to be withheld unless he can show that the tax against which the tax under section 1622 may be credited has been paid.

The amount of any tax withheld and collected by the employer is a special fund in trust for the United States.

The employer or other person required to deduct and withhold the tax under section 1622 is relieved of liability to any other person for the amount of any such

tax withheld and paid to the collector or deposited with a duly designated depository of the United States.

Section 2707 provides severe penalties for a willful failure to pay, collect, or truthfully account for and pay over, the tax imposed by section 1622, or for a willful attempt in any manner to evade or defeat the tax. Such penalties may be incurred by any person, including the employer, and any officer or employee of a corporate employer, or member or employee of any other employer, who as such employer, officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

SUBPART E—CREDIT FOR TAX WITHHELD

[SEC. 1622. INCOME TAX COLLECTED AT SOURCE—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

(e) *Nondeductibility of tax in computing net income.* The tax deducted and withheld under the subchapter shall not be allowed as a deduction either to the employer or to the recipient of the income in computing net income for the purpose of any tax on income imposed by Act of Congress.

SEC. 35. CREDIT FOR TAX WITHHELD ON WAGES [AS AMENDED BY SEC. 3, CURRENT TAX PAYMENT ACT OF 1943].

The amount deducted and withheld as tax under Subchapter D of Chapter 9 during any calendar year upon the wages of any individual shall be allowed as a credit to the recipient of the income against the tax imposed by this chapter for the taxable year beginning in such calendar year. If more than one taxable year begins in any such calendar year such amount shall be allowed as a credit against the tax for the last taxable year so beginning.

§ 405.401. *Nondeductibility of tax and credit for tax withheld.* The tax deducted and withheld at the source upon wages shall not be allowed as a deduction either to the employer or the recipient of the income in computing net income under Chapter 1 of the Internal Revenue Code. The entire amount of the wages from which the tax is withheld shall be included in gross income in the return required to be made by the recipient of the income without deductions for such tax. The tax withheld at source, however, is allowable as a credit against the tax imposed by Chapter 1 of the Internal Revenue Code upon the recipient of the income. If the tax has actually been withheld at the source, credit or refund shall be made to the recipient of the income even though such tax has not been paid over to the Government by the employer. See section 322. For the purpose of the credit, the recipient of the income is the person subject to tax imposed under Chapter 1 of the Internal Revenue Code upon the wages from which the tax was withheld. For instance, if a husband and wife domiciled in a community property State make separate returns, each reporting for income tax purposes one-half of the wages received by the husband, each spouse is entitled to one-half of the credit allowable for the tax withheld at source with respect to such wages.

The credit for tax withheld at source during a calendar year shall be allowed against the tax imposed by Chapter 1 of the Internal Revenue Code for the tax-

able year of the recipient of the income which begins in such calendar year. If such recipient has more than one taxable year beginning in such calendar year, the credit shall be allowed against the tax for the last taxable year so beginning.

SUBPART F—RECEIPTS

SEC. 1625. RECEIPTS [AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943].

(a) *Requirement.* Every employer required to deduct and withhold a tax in respect of the wages of an employee shall furnish to each such employee in respect of his employment during the calendar year, on or before January 31 of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of wages is made, a written statement showing the wages paid by the employer to such employee during such calendar year, and the amount of the tax deducted and withheld under this subchapter in respect of such wages.

(b) *Statements to constitute information returns.* The statements required to be furnished by this section in respect of any wages shall be furnished at such other times, shall contain such other information, and shall be in such form as the Commissioner, with the approval of the Secretary, may by regulations prescribe. A duplicate of such statement if made and filed in accordance with regulations prescribed by the Commissioner with the approval of the Secretary shall constitute the return required to be made in respect of such wages under section 147.

(c) *Extension of time.* The Commissioner, under such regulations as he may prescribe with the approval of the Secretary, may grant to any employer a reasonable extension of time (not in excess of thirty days) with respect to the statements required to be furnished under this section.

SEC. 1626. PENALTIES [AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943].

(a) *Penalties for fraudulent receipt or failure to furnish receipt.* In lieu of any other penalty provided by law (except the penalty provided by subsection (b) of this section), any person required under the provisions of section 1625 to furnish a receipt in respect of tax withheld pursuant to this subchapter [Subchapter D of Chapter 9] who willfully furnishes a false or fraudulent receipt, or who willfully fails to furnish a receipt in the manner, at the time, and showing the information required under section 1625, or regulations prescribed thereunder, shall for each such failure, upon conviction thereof be fined not more than \$1,000, or imprisoned for not more than one year, or both.

(b) *Additional penalty.* In addition to the penalty provided by subsection (a) of this section, any person required under the provisions of section 1625 to furnish a receipt in respect of tax withheld pursuant to this subchapter [Subchapter D of Chapter 9] who willfully furnishes a false or fraudulent receipt, or who willfully fails to furnish a receipt in the manner, at the time, and showing the information required under section 1625, or regulations prescribed thereunder, shall for each such failure be subject to a civil penalty of not more than \$50.

§ 405.501. *Receipts for tax withheld at source on wages.*—(a) *In general.* Every employer or other person required to deduct and withhold tax shall furnish to each employee from whose wages taxes are withheld the original and duplicate of Form W-2 (Rev.), showing the name and address of the employer, the name and address of the employee, the wages paid, and the amount of the tax withheld

during the calendar year. Such receipt on Form W-2 (Rev.) shall not show remuneration which does not constitute wages within the meaning of section 1621. Receipts prepared in substantially like form and size as Form W-2 (Rev.), but in no case larger than 8 by 3½ inches, will be acceptable if approved by the Commissioner.

The statement on Form W-2 (Rev.) shall be furnished to the employee on or before January 31 of the succeeding calendar year, or if his employment is terminated before the close of such calendar year, on the day on which the last payment of wages is made.

(b) *Extension of time for furnishing statements to employees.* An extension of time, not exceeding 30 days, within which to furnish the Withholding Receipt (Form W-2 (Rev.)) required by section 1625- (a) upon termination of employment is hereby granted to any employer with respect to any employee whose employment is terminated during the calendar year. In the case of intermittent or interrupted employment where there is reasonable expectation on the part of both employer and employee of further employment, there is no requirement that a Withholding Receipt be immediately furnished the employee; but when such expectation ceases to exist, the statement must be furnished within 30 days from that time.

(c) *Form 1099 information returns.* The making of information returns, Form 1099, will not be required with respect to any wages from which the tax has been withheld, provided the triplicates of the Withholding Receipts (Form W-2a) are submitted with the last quarterly return (Form W-1) for the year.

(d) *Penalties for fraudulent receipt or failure to furnish receipt.* Section 1626 imposes criminal and civil penalties for the willful failure to furnish a receipt in the manner, at the time, and showing the information required under section 1625 or regulations prescribed thereunder or for willfully furnishing a false or fraudulent receipt. The criminal penalty is a fine of not more than \$1,000 or imprisonment for not more than one year, or both, and the civil penalty is a fine of not more than \$50 for each such violation. Such penalties are in lieu of any other penalties provided by law respecting the failure to furnish a receipt or the furnishing of a false or fraudulent receipt.

SUBPART C—RETURNS AND PAYMENT OF TAX

SEC. 1624. RETURN AND PAYMENT BY GOVERNMENTAL EMPLOYER [AS ADDED BY SEC. 2 (a), CURRENT TAX PAYMENT ACT OF 1943.]

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.

[SEC. 1626. PENALTIES—AS ADDED BY SEC. 2 (a), CURRENT TAX PAYMENT ACT OF 1943.]

(c) *Failure of employer to file return or pay tax.* In case of any failure to make and file return or pay the tax required by this subchapter, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, the addition to the tax shall not be less than \$10.

SEC. 1627. OTHER LAWS APPLICABLE [AS ADDED BY SEC. 2 (a), CURRENT TAX PAYMENT ACT OF 1943.]

All provisions of law, including penalties, applicable with respect to the tax imposed by section 1400 shall, insofar as applicable and not inconsistent with the provisions of this subchapter, be applicable with respect to the tax under this subchapter.

SEC. 1630. VERIFICATION OF RETURNS, ETC. [AS ADDED BY SEC. 2 (a), CURRENT TAX PAYMENT ACT OF 1943.]

(a) *Power of commissioner to require.* The Commissioner, under regulations prescribed by him with the approval of the Secretary, may require that any return, statement, or other document required to be filed under this chapter [Chapter 9] shall contain or be verified by a written declaration that it is made under the penalties of perjury, and such declaration shall be in lieu of any oath otherwise required.

(b) *Penalties.* Every person who willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter, shall be guilty of a felony, and, upon conviction thereof, shall be subject to the penalties prescribed for perjury in section 125 of the Criminal Code.

Section 1420 of the Internal Revenue Code—Collection and Payment of Taxes

(a) *Administration.* The taxes imposed by this subchapter shall be collected by the Bureau of Internal Revenue under the direction of the Secretary and shall be paid into the Treasury of the United States as internal-revenue collections.

(c) *Method of collection and payment.* Such taxes shall be collected and paid in such manner, at such times, and under such conditions, not inconsistent with this subchapter (either by making and filing returns, or by stamps, coupons, tickets, books, or other reasonable devices or methods necessary or helpful in securing a complete and proper collection and payment of the tax or in securing proper identification of the taxpayer), as may be prescribed by the Commissioner, with the approval of the Secretary.

(d) *Fractional parts of a cent.* In the payment of any tax under this subchapter a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

Section 1430 of the Internal Revenue Code—Other Laws Applicable

All provisions of law, including penalties, applicable with respect to any tax imposed by section 2700 or section 1800, and the provisions of section 3661, shall, insofar as applicable and not inconsistent with the provisions of this subchapter, be applicable with respect to the taxes imposed by this subchapter.

Section 2709 of the Internal Revenue Code—Records, Statements, and Returns

Every person liable to any tax imposed by this subchapter, or for the collection thereof, shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations, as the Commissioner, with the approval of the Secretary, may from time to time prescribe.

Section 3603 of the Internal Revenue Code—Notice Requiring Records, Statements, and Special Returns

Whenever in the judgment of the Commissioner necessary he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as the Commissioner deems sufficient to show whether or not such person is liable to tax.

Section 3612 (a), (b), and (c) of the Internal Revenue Code—Returns Executed by Commissioner or Collector

(a) *Authority of collector.* If any person fails to make and file a return or list at the time prescribed by law or by regulation made under authority of law, or makes, willfully or otherwise, a false or fraudulent return or list, the collector or deputy collector shall make the return or list from his own knowledge and from such information as he can obtain through testimony or otherwise.

(b) *Authority of commissioner.* In any such case the Commissioner may, from his own knowledge and from such information as he can obtain through testimony or otherwise—

- (1) *To make return.* Make a return, or
- (2) *To amend collector's return.* Amend any return made by a collector or deputy collector.

(c) *Legal status of returns.* Any return or list so made and subscribed by the Commissioner, or by a collector or deputy collector and approved by the Commissioner, shall be prima facie good and sufficient for all legal purposes.

Section 3614 (a) of the Internal Revenue Code—Examination of Books and Witnesses

To determine liability of the taxpayer. The Commissioner, for the purpose of ascertaining the correctness of any return or for the purpose of making a return where none has been made, is authorized, by any officer or employee of the Bureau of Internal Revenue, including the field service, designated by him for that purpose, to examine any books, papers, records, or memoranda bearing upon the matters required to be included in the return, and may require the attendance of the person rendering the return or of any officer or employee of such person, or the attendance of any other person having knowledge in the premises, and may take his testimony with reference to the matter required by law to be included in such return, with power to administer oaths to such person or persons.

Section 2702 (a) of the Internal Revenue Code—Payment of Tax

Date of payment.—The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector for the district in which is located the principal place of business, at the time fixed * * * for filing the return.

§ 405.601 *Return and payment of income tax withheld on wages.* Every person required, under the provisions of section 1622, to deduct and withhold the tax on wages shall make a return and pay such tax on or before the last day of the month following the close of each of the quarters ending March 31, June 30, September 30, and December 31. Such return is to be made on Form W-1, Return of Income Tax Withheld on Wages, and must be filed with the collector of internal revenue for the district in which is located the principal place of business or office of the employer, or if he has no principal place of business or office, then

in the district in which is located his legal residence. There shall be included with the return filed for the fourth quarter of the calendar year or with the employer's final return, if filed at an earlier date, the triplicate of each withholding tax receipt (Form W-2a) furnished employees.

The triplicate Forms W-2a, when filed with the collector, must be accompanied by Form W-3 and a list (preferably in the form of an adding machine tape) of the amounts shown on Forms W-2. If an employer's total payroll consists of a number of separate units or establishments, the triplicate Forms W-2a may be assembled accordingly and a separate list or tape submitted for each unit. In such case, a summary list or tape should be submitted, the total of which will agree with the corresponding entry to be made on Form W-3. Where the number of triplicate receipts is large, they may be forwarded in packages of convenient size. When this is done, the packages should be identified with the name of the employer and consecutively numbered and Form W-3 should be placed in package No. 1. The number of packages should be indicated immediately after the employer's name on Form W-3. The tax return, Form W-1, and remittance in cases of this kind should be filed in the usual manner, accompanied by a brief statement that Forms W-2a and W-3 are in separate packages.

Every person required to withhold and pay any tax under section 1622 shall keep such records as will indicate the names and addresses of the persons employed during the year payments to whom are subject to withholding, the periods of employment, and the amounts and dates of payment to such persons. No specific form for such records has been prescribed. Such records shall be kept at all times available for inspection by internal revenue officers.

The return must be signed by the employer or other person required to withhold and pay the tax and shall contain or be verified by a written declaration that it is made under the penalties of perjury.

If the person required to withhold and pay the tax under section 1622 is a corporation, the return shall be made in the name of the corporation and shall be signed and verified by the president, vice president, or other principal officer.

With respect to any tax required to be withheld under section 1622 by a fiduciary, the return shall be made in the name of the individual, estate, or trust for which such fiduciary acts, and shall be signed and verified by such fiduciary. In the case of two or more joint fiduciaries the return shall be signed and verified by one of such fiduciaries.

If the United States, a State, Territory, or political subdivision, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, is the employer, the return of the tax may be made by the officer or employee having control of the payment of wages or other officer or employee appropriately designated for that purpose.

Preadressed Forms W-1 mailed by collectors to employers should be used in

filing returns. If the preaddressed form is lost, a new one should be requested if sufficient time remains before the filing date. Should it be necessary to use a blank form not preaddressed, care should be exercised to show the employer's name exactly as it appeared on previous returns.

Except in the case of quarterly adjustments, as explained in § 405.701, a return on Form W-1 may not be made for more than one calendar quarter of the year, nor may a portion of one calendar quarter be included with a portion of another calendar quarter in a single return on Form W-1 even though the entire period does not exceed three months.

§ 405.602 *Final returns.* The last return on Form W-1 for any employer required to withhold and pay any tax under section 1622, who during the calendar year either goes out of business or otherwise ceases to pay wages, shall be marked "final return" by such employer. Such final return shall be filed with the collector on or before the thirtieth day after the date on which the final payment of wages is made for services performed for such employer, and shall plainly show the period covered and also the date of the last payment of wages. There shall be executed as part of each final return a statement giving the address at which the records required by this section will be kept, the name of the person keeping such records, and, if the business has been sold or otherwise transferred to another person, the name and address of such person and the date on which such sale or other transfer took effect. If no such sale or transfer occurred or the employer does not know the name of the person to whom the business was sold or transferred, that fact should be included in the statement. An employer who has only temporarily ceased to pay wages, including an employer engaged in seasonal activities, shall continue to file returns, but shall enter on the face of any return on which no tax is required to be reported a statement showing the date of the last payment of wages and the date when he expects to resume paying wages.

§ 405.603 *Use of prescribed forms.* Copies of the prescribed return forms will so far as possible be regularly furnished employers by collectors without application therefor. An employer will not be excused from making a return, however, by the fact that no return form has been furnished to him. Employers not supplied with the proper forms should make application therefor to the collector in ample time to have their returns prepared, verified, and filed with the collector on or before the due date. If the prescribed form is not available, a statement made by the employer disclosing the amount of taxes due may be accepted as a tentative return. If filed within the prescribed time the statement so made will relieve the employer from liability for the addition to tax imposed for the delinquent filing of the return by section 3612 (d) (1) (See § 405.804): *Provided*, That without unnecessary delay such tentative return is supplemented by a return made on the proper form.

§ 405.604 *Penalties for false returns.* Subsection (b) of section 1630 provides for penalties in the case of any person who, willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter. Such person shall be guilty of a felony, and, upon conviction, shall be subject to the penalties prescribed for perjury in section 125 of the Criminal Code.

SEC. 1631. USE OF GOVERNMENT DEPOSITARIES IN CONNECTION WITH PAYMENT OF TAXES [AS ADDED BY SEC. B (A), CURRENT TAX PAYMENT ACT OF 1943].

The Secretary may authorize incorporated banks or trust companies which are depositaries or financial agents of the United States to receive any taxes under this chapter in such manner, at such times, and under such conditions as he may prescribe; and he shall prescribe the manner, times, and conditions under which the receipt of such taxes by such depositaries and financial agents is to be treated as payment of such taxes to the collectors.

§ 405.605 *Use of Government depositaries in connection with payment of taxes.* It will be the duty of every employer who withheld more than \$100 during the month to pay, within 10 days after the close of each calendar month, to a depository and financial agent authorized by the Secretary of the Treasury to receive deposits of withheld taxes, pursuant to section 1631, all funds withheld as taxes during that calendar month. (All banks insured by the Federal Deposit Insurance Corporation are eligible to qualify as depositaries and financial agents.) On or before the last day of the month following the close of each quarter of each calendar year, every employer shall make a return on Form W-1 to the collector of his district, covering the aggregate amount of taxes withheld during that quarter, and attach to such return, as payment for the taxes shown thereon, receipts in the form approved by the Secretary of the Treasury, issued by the authorized depository and financial agent evidencing the payment of funds withheld as taxes; *Provided, however*, That for taxes withheld during the last month of the quarter the employer may, at his election, in lieu of this method of payment, include with his return direct remittance to the collector for the amount of the taxes withheld during such last month of the quarter. The employer may obtain from his local bank the names and locations of the nearby depositaries and financial agents authorized to receive deposits of withheld taxes. A list of the depositaries and financial agents will be furnished each bank by the Federal reserve bank of the district. See Treasury Department Circular No. 714, dated June 25, 1943.

SUBPART H—ADJUSTMENTS AND REFUNDS

SEC. 1627. OTHER LAWS APPLICABLE [AS ADDED BY SEC. 2 (B), CURRENT TAX PAYMENT ACT OF 1943.]

All provisions of law, including penalties, applicable with respect to the tax imposed by section 1400 shall, insofar as applicable

and not inconsistent with the provisions of this subchapter [Subchapter D of Chapter 9], be applicable with respect to the tax under this subchapter.

Section 1401 (c) of the Internal Revenue Code—Adjustments

If more or less than the correct amount of tax imposed by section 1400 is paid with respect to any payment of remuneration, proper adjustments, with respect both to the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as may be prescribed by regulations made under this subchapter.

§ 405.701 Quarterly adjustments—

(a) *In general.* If, for any quarter of the calendar year, more or less than the correct amount of the tax is withheld, or more or less than the correct amount of the tax is paid to the collector, proper adjustment, without interest, may be made in any subsequent quarter of the same calendar year. No adjustment, however, under the provisions of this section shall be made in respect of an underpayment for any quarter after receipt from the collector of notice and demand for payment thereof based upon an assessment, but the amount shall be paid in accordance with such notice and demand; nor shall any adjustment under the provisions of this section be made in respect of an overpayment for any quarter after the filing of a claim for refund thereof. Every return on which an adjustment for a preceding quarter is reported must have securely attached as a part thereof a statement explaining the adjustment, and designating the quarterly return period in which the error occurred. If an adjustment of an overcollection of tax which the employer has repaid to an employee is reported on a return, such statement shall include the fact that such tax was repaid to the employee.

(b) *Less than correct amount of tax withheld.* If none, or less than the correct amount, of the tax is deducted from any wage payment and the error is ascertained prior to the making of the return on Form W-1 for the quarter in which such wages are paid, the employer shall nevertheless report on such return and pay to the collector the correct amount of the tax required to be withheld. If the error is not ascertained until after the making of the return on Form W-1 for the quarter in which such wages are paid, the undercollection may be corrected by an adjustment on the return for any subsequent quarter of the same calendar year, subject, however, to the limitations noted in paragraph (a). The amount of any undercollection adjusted in accordance with this paragraph shall be paid to the collector, without interest, at the time prescribed for payment of the tax for the quarter in which such adjustment is made. If an adjustment is made pursuant to this paragraph but the amount thereof is not paid when due, interest thereafter accrues. See section 1420 (b).

If none, or less than the correct amount, of the tax is withheld from any wage payment, the employer may correct the error by deducting the amount of the undercollection from remunera-

tion of the employee, if any, under his control after he ascertains the error. Such deduction may be made even though the remuneration, for any reason, does not constitute wages. The obligation of an employee to the employer with respect to an undercollection of tax from the employee's wages not subsequently corrected by a deduction made as prescribed herein is a matter for settlement between the employee and the employer. In this connection, see section 1622 (d), relieving the employer from liability for the tax if the tax imposed by Chapter 1 of the Internal Revenue Code against which the tax withheld at source is allowable as a credit, has been paid by the employee or other person liable therefor.

(c) *More than correct amount of tax withheld.* If, in any quarter, more than the correct amount of tax is deducted from any wage payment, the overcollection may be repaid to the employee in any quarter of the same calendar year. If the amount of the overcollection is repaid, the employer shall obtain and keep as part of his records the written receipt of the employee showing the date and amount of the repayment.

If an overcollection in any quarter is repaid and receipted for by the employee prior to the time the return on Form W-1 for such quarter is filed with the collector, the amount of such overcollection shall not be included in the return for such quarter.

Subject to the limitations provided in paragraph (a), if an overcollection in any quarter is repaid and receipted for by the employee after the time the return on Form W-1 for such quarter is filed and the tax is paid to the collector, the overcollection may be corrected by an adjustment on the return for any subsequent quarter of the same calendar year.

Every overcollection not repaid and receipted for by the employee as provided in this paragraph must be reported and paid to the collector with the return on Form W-1 for the quarter in which the overcollection is made.

For information as to the manner of correcting errors in withholding which cannot be adjusted in a return for a subsequent quarter of the same calendar year, employers should consult the local collector of internal revenue.

[SEC. 1622. INCOME TAX COLLECTED AT SOURCE—AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943.]

(f) *Refunds or credits—(1) Employers.* Where there has been an overpayment of tax under this subchapter, refund or credit shall be made to the employer only to the extent that the amount of such overpayment was not deducted and withheld under this subchapter by the employer.

(2) *Employees.* For refund or credit in cases of excessive withholding, see section 322 (a).

Section 3770 (a) of the Internal Revenue Code—Authority to Make Abatements, Credits, and Refunds

To taxpayers—(1) Assessments and collections generally. Except as otherwise provided by law in the case of income, war-profits, excess-profits, estate, and gift taxes, the Commissioner, subject to regulations prescribed by the Secretary, is authorized to

remit, refund, and pay back all taxes erroneously or illegally assessed or collected, all penalties collected without authority, and all taxes that appear to be unjustly assessed or excessive in amount, or in any manner wrongfully collected.

(2) *Assessments and collections after limitation period.* Any tax (or any interest, penalty, additional amount, or addition to such tax) assessed or paid after the expiration of the period of limitation properly applicable thereto shall be considered an overpayment and shall be credited or refunded to the taxpayer if claim therefor is filed within the period of limitation for filing such claim.

Section 3313 of the Internal Revenue Code—Period of Limitation Upon Refunds and Credits

All claims for the refunding or crediting of any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty alleged to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected must, except as otherwise provided by law in the case of income, war-profits, excess-profits, estate, and gift taxes, be presented to the Commissioner within four years next after the payment of such tax, penalty, or sum. The amount of the refund (in the case of taxes other than income, war-profits, excess-profits, estate, and gift taxes) shall not exceed the portion of the tax, penalty, or sum paid during the four years immediately preceding the filing of the claim, or if no claim was filed, then during the four years immediately preceding the allowance of the refund.

§ 405.702 Refunds or credits. Where there has been an overpayment of tax under Subchapter D, Chapter 9, Internal Revenue Code, refund or credit shall be made to the employer only to the extent that the amount of the overpayment was not deducted and withheld under such subchapter by the employer.

SUBPART I—MISCELLANEOUS PROVISIONS

SEC. 1627. OTHER LAWS APPLICABLE [AS ADDED BY SEC. 2 (A), CURRENT TAX PAYMENT ACT OF 1943].

All provisions of law, including penalties, applicable with respect to the tax imposed by section 1400 shall, insofar as applicable and not inconsistent with the provisions of this subchapter [Subchapter D of Chapter 9], be applicable with respect to the tax under this subchapter.

Section 3660 of the Internal Revenue Code—Jeopardy Assessment

(a) If the Commissioner believes that the collection of any tax (other than income tax, estate tax, and gift tax) under any provision of the internal-revenue laws will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful without regard to the period described in section 3630.

(b) The collection of the whole or any part of the amount of such assessment may be stayed by filing with the collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and

with such sureties, as the collector deems necessary, conditioned upon the payment of the amount collection of which is stayed, at the time at which, but for this section, such amount would be due.

§ 405.801 *Jeopardy assessments.* Whenever, in the opinion of the collector, the collection of the tax will be jeopardized by delay, he should report the case promptly to the Commissioner by telegram or letter. The communication should recite the full name and address of the person involved, the tax-return period or periods involved, the amount of tax due for each period, the date any return was filed by or for the taxpayer for such period, a reference to any prior assessment made for such period against the taxpayer, and a statement as to the reason for the recommendation, which will enable the Commissioner to assess the tax, together with all penalties and interest due. Upon assessment such tax, penalty, and interest shall become immediately due and payable, whereupon the collector will issue immediately a notice and demand for payment of the tax, penalty, and interest.

The collection of the whole or any part of the amount of the jeopardy assessment may be stayed by filing with the collector a bond in such amount, not exceeding double the amount with respect to which the stay is desired, and with such sureties as the collector deems necessary. Such bond shall be conditioned upon the payment of the amount, collection of which is stayed, at the time at which, but for the jeopardy assessment, such amount would be due. In lieu of surety or sureties the taxpayer may deposit with the collector negotiable bonds or notes of the United States, or negotiable bonds or notes fully guaranteed by the United States, having a par value not less than the amount of the bond required to be furnished, together with an agreement authorizing the collector in case of default to collect or sell such bonds or notes so deposited.

Upon refusal to pay, or failure to pay or give bond, the collector will proceed immediately to collect the tax, penalty, and interest by distraint without regard to the period prescribed in section 3690.

Section 1420 (b) of the Internal Revenue Code—Addition to Tax in Case of Delinquency

If the tax is not paid when due, there shall be added as part of the tax interest (except in the case of adjustments made in accordance with the provisions of sections 1401 (c) and 1411) at the rate of 6 per centum per annum from the date the tax became due until paid.

Section 3655 of the Internal Revenue Code—Notice and Demand for Tax

(a) *Delivery.* Where it is not otherwise provided, the collector shall in person or by deputy, within ten days after receiving any list of taxes from the Commissioner, give notice to each person liable to pay any taxes stated therein, to be left at his dwelling or usual place of business, or to be sent by mail, stating the amount of such taxes and demanding payment thereof.

(b) *Addition to tax for nonpayment.* If such person does not pay the taxes, within ten days after the service or the sending by mail of such notice, it shall be the duty of

the collector or his deputy to collect the said taxes with a penalty of 5 per centum addition upon the amount of taxes, and interest at the rate of 6 per centum per annum from the date of such notice to the date of payment * * *

§ 405.802. *Interest.* If the tax is not paid to the collector on or before the date prescribed in § 405.601 and is not adjusted under § 405.701, interest accrues at the rate of 6 per centum per annum, subject to the minimum addition to the tax provided by section 1626 (c). See § 405.805.

§ 405.803 *Addition to tax for failure to pay an assessment after notice and demand.* (a) If tax, penalty, or interest is assessed and the entire amount thereof is not paid within 10 days after the date of issuance of notice and demand for payment thereof, based on such assessment, there accrues under section 3655 (except as provided in paragraph (b) of this section) a penalty of 5 percent of the assessment remaining unpaid at the expiration of such period.

(b) If, within 10 days after the date of issuance of notice and demand, a claim for abatement of any amount of the assessment is filed with the collector, the 5 percent penalty does not attach with respect to such amount. If the claim is rejected in whole or in part and the amount rejected is not paid, the collector shall issue notice and demand for such amount. If payment is not made within 10 days after the date the collector issues the notice and demand, the 5 percent penalty attaches with respect to the amount rejected. The filing of the claim does not stay the running of interest.

SECTION 3612 (d) AND (e) OF THE INTERNAL REVENUE CODE

(d) *Additions to tax—(1) Failure to file return.* In case of any failure to make and file a return or list within the time prescribed by law, or prescribed by the Commissioner or the collector in pursuance of law, the Commissioner shall add to the tax 25 per centum of its amount, except that when a return is filed after such time and it is shown that the failure to file it was due to a reasonable cause and not to wilful neglect, no such addition shall be made to the tax: *Provided,* That in the case of a failure to make and file a return required by law, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, if the last date so prescribed for filing the return is after August 30, 1935, then there shall be added to the tax, in lieu of such 25 per centum: 5 per centum if the failure is for not more than 30 days, with an additional 5 per centum for each additional 30 days or fraction thereof during which failure continues, not to exceed 25 per centum in the aggregate.

(2) *Fraud.* In case a false or fraudulent return or list is willfully made, the Commissioner shall add to the tax 50 per centum of its amount.

(e) *Collection of additions to tax.* The amount added to any tax under paragraphs (1) and (2) of subsection (d) shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, falsity, or fraud, in which case the amount so added shall be collected in the same manner as the tax.

§ 405.804 *Additions to tax for delinquent or false returns—(a) Delinquent returns.* If a person fails to make and file a return required by these regulations within the prescribed time, a certain percent of the amount of the tax is added to the tax unless the return is later filed and failure to file the return within the prescribed time is shown to be due to reasonable cause and not to wilful neglect. The amount to be added to the tax is 5 percent if the failure is for not more than 30 days, with an additional 5 percent for each additional 30 days or fraction thereof during which failure continues, but not exceeding in the aggregate 25 percent of the tax, subject, however, to the minimum addition to the tax provided by section 1626 (c). See § 405.805. In computing the period of delinquency all Sundays and holidays after the due date are counted. Two classes of delinquents are subject to this addition to the tax:

(1) Those who do not file returns and for whom returns are made by a collector, a deputy collector, or the Commissioner; and

(2) Those who file tardy returns and are unable to show reasonable cause for the delay.

A person who files a tardy return and wishes to avoid the addition to the tax for delinquency must make an affirmative showing of all facts alleged as a reasonable cause for failure to file the return on time in the form of a statement which should be attached to the return as a part thereof.

(b) *False returns.* If a false or fraudulent return is willfully made, the addition to tax under section 3612 (d) (2) is 50 percent of the total tax due for the entire period involved, including any tax previously paid.

[SEC. 1626. PENALTIES—AS ADDED BY SEC. 2 (a), CURRENT TAX PAYMENT ACT OF 1943.]

(c) *Failure of employer to file return or pay tax.* In case of any failure to make and file return or pay the tax required by this subchapter, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to wilful neglect, the addition to the tax shall not be less than \$10.

§ 405.805 *Minimum addition to the tax.* If an employer fails to file a return or pay the tax required to be withheld within the time prescribed in §§ 405.601 and 405.602, unless it is shown that the failure is due to reasonable cause and not to wilful neglect, the addition to the tax shall not be less than \$10. This provision is to be applied in accordance with the following rules:

(a) In the case of failure to file a Return of Income Tax Withheld on Wages (Form W-1) within the prescribed time, the addition to the tax shall be computed as provided by section 3612 (d) and if less than \$10 shall be increased to that amount.

(b) In the case of failure to pay the tax when due, the addition to the tax shall be computed as provided by section 1420 (b) and if less than \$10 shall be increased to that amount.

(c) In case of concurrent failure to file the return and pay the tax within the prescribed time, the ad valorem penalty provided by section 3612 (d) and the interest provided by section 1420 (b) shall be aggregated and if less than \$10 shall be increased to that amount.

Section 2707 of the Internal Revenue Code—Penalties

(a) Any person who willfully fails to pay, collect, or truthfully account for and pay over the tax * * * or willfully attempts in any manner to evade or defeat any such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to a penalty of the amount of the tax evaded, or not paid, collected, or accounted for and paid over, to be assessed and collected in the same manner as taxes are assessed and collected. No penalty shall be assessed under this subsection for any offense for which a penalty may be assessed under authority of section 3612.

(b) Any person required under this subchapter to pay any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of the computation, assessment, or collection of any tax imposed by this subchapter who willfully fails to pay such tax, make such returns, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, be fined not more than \$10,000, or imprisoned for not more than one year, or both, together with the costs of prosecution.

(c) Any person required under this subchapter to collect, account for and pay over any tax imposed by this subchapter, who willfully fails to collect or truthfully account for and pay over such tax, and any person who willfully attempts in any manner to evade or defeat any tax imposed by this subchapter or the payment thereof, shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, be fined not more than \$10,000, or imprisoned for not more than five years, or both, together with the costs of prosecution.

(d) The term "person" as used in this section includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

Section 3616 of the Internal Revenue Code—Penalties

Whenever any person:

(a) *False returns.* Delivers or discloses to the collector or deputy any false or fraudulent list, return, account, or statement, with intent to defeat or evade the valuation, enumeration, or assessment intended to be made; or,

(b) *Neglect to obey summons.* Being duly summoned to appear to testify, or to appear and produce books as required under section 3615, neglects to appear or to produce said books—

he shall be fined not exceeding \$1,000, or be imprisoned not exceeding one year, or both, at the discretion of the court, with costs of prosecution.

SEC. 1627. OTHER LAWS APPLICABLE [AS ADDED BY SEC. 2 (a), CURRENT TAX PAYMENT ACT OF 1943].

All provisions of law, including penalties, applicable with respect to the tax imposed by section 1400 shall, insofar as applicable and not inconsistent with the provisions of this subchapter [Subchapter D of Chapter 9] be applicable with respect to the tax under this subchapter.

Section 1429 of the Internal Revenue Code—Rules and Regulations

* * * The Commissioner, with the approval of the Secretary, shall make and publish rules and regulations for the enforcement of this subchapter.

Section 3791 of the Internal Revenue Code—Rules and Regulations

(a) *Authorization—(1) In general.* * * * the Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title [Internal Revenue Code].

(2) *In case of change in law.* The Commissioner may make all such regulations, not otherwise provided for, as may have become necessary by reason of any alteration of law in relation to internal revenue.

(b) *Retrospective of regulations or rulings.* The Secretary, or the Commissioner with the approval of the Secretary, may prescribe the extent, if any, to which any ruling, regulation, or Treasury Decision, relating to the internal revenue laws, shall be applied without retroactive effect.

§ 405.806 *Promulgation of regulations.* In pursuance of the Internal Revenue Code and other internal revenue laws, the foregoing regulations are hereby prescribed. Regulations 115, as amended, are hereby superseded with respect to wages paid on or after January 1, 1945.

[SEAL] JOSEPH D. NUHAR, Jr.,
Commissioner of Internal Revenue.

Approved: December 9, 1944.

JOSEPH J. O'CONNELL, Jr.,
Acting Secretary of the Treasury.

[F. R. Doc. 44-18622; Filed, Dec. 12, 1944; 11:41 a. m.]

TITLE 30—MINERAL RESOURCES

Chapter VI—Solid Fuels Administration for War

PART 602—GENERAL ORDERS AND DIRECTIVES
DIRECTION TO ALL PERSONS SHIPPING COAL PRODUCED IN DISTRICT 11

Because the production of coal in District 11 during December may not be sufficient to meet all commitments made by shippers of such coal, it is necessary, pursuant to SFAW Regulation No. 1 (§ 602.1), to issue the following direction:

Any shipper of coal produced in District 11, who is unable to meet in full his December 1944 commitments for such coal is hereby directed to reduce, on a pro rata basis, to the extent necessary to meet his December 1944 commitments to industrial consumers having less than 90 days' supply and to retail dealers, his shipments during the balance of December to those industrial consumers who have more than 120 days' supply. However, in no event shall shipments to any such industrial consumer having more than 120 days' supply be reduced to an amount which is below 60 percent of the shipper's commitment for December 1944 delivery to such consumer.

If, after arranging to reduce his shipments as above directed, any shipper of District 11 coal still will not have sufficient coal to meet his December 1944 commitments, such shipper shall then reduce, on a pro rata basis, to the extent necessary to meet his December 1944 commitments to industrial consumers having less than 90 days' supply

and to retail dealers, his shipments during the balance of December to industrial consumers having 90 to 120 days' supply. However, in no event shall shipments to any such industrial consumer having 90 to 120 days' supply be reduced to an amount which is below 60 per cent of the shipper's commitment for December 1944 delivery to such consumer.

If the tonnage made available by such reductions is insufficient to fulfill all December 1944 commitments to industrial consumers having less than 90 days' supply and to retail dealers, shippers shall, in so far as practicable, prorate the available tonnage among such purchasers, but in no event shall this result in a shipper supplying to any such industrial consumer more than 100 per cent of his December consumption requirements.

This direction shall become effective immediately and shall expire December 31, 1944.

(E.O. 9332, 8 F.R. 5355; E.O. 9125, 7 F.R. 2719; Sec. 2 (a), 54 Stat. 676, as amended by 55 Stat. 236 and 56 Stat. 176)

Issued this 12th day of December 1944.

C. J. POTTEE,
Deputy Solid Fuels Administrator
for War.

[F. R. Doc. 44-18257; Filed, Dec. 13, 1944; 8:55 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter IX—War Production Board

AUTHORITY: Regulations in this chapter, unless otherwise noted at the end of documents affected, issued under sec. 2 (a), 54 Stat. 676, as amended by 55 Stat. 236 and 56 Stat. 177; E.O. 6024, 7 F.R. 323; E.O. 6040, 7 F.R. 527; E.O. 9125, 7 F.R. 2719; W.P.B. Reg. 1 as amended Dec. 31, 1943, 9 F.R. 64.

PART 1010—SUSPENSION ORDERS

[Suspension Order 2-662]

I. I. GRIGG

I. I. Grigg, of 207 North 8th Street, Pasco, Washington, is engaged in the business of general contracting and construction. In November, 1943, he began construction of, and thereafter completed a warehouse with a productive floor area less than 10,000 square feet for his own account in block 22, Garry's Addition, Pasco, Washington, at an estimated cost of \$2000, without authorization of the War Production Board and in violation of Conservation Order L-41; this violation was the result of gross negligence. In January of 1944, he entered into a contract for the construction of a theatre building in Pasco, Washington, which was authorized by the War Production Board, but only used lumber, and no new lumber, nor reinforcing steel bars were authorized to be incorporated in such construction; however, he purchased in his own name new lumber, a large part of which was restricted Douglas fir and received reinforcing steel bars and incorporated them in such construction, in grossly negligent violation of Conservation Order L-41. In January of 1944, respondent placed a purchase order for 8650 pounds of reinforcing steel bars for use in the construction of an office and store building, and used a preference rating of AA-3 and an allotment symbol which had been assigned to a defense