

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1240

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to increase from \$50 per quarter to \$2,000 per year the threshold level at which cash remuneration payable to a domestic employee in any year becomes subject to social security employment taxes, to provide for annual adjustments in such threshold amount, and to annualize the payment of domestic service employment taxes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 1993

Mr. SHAW introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to increase from \$50 per quarter to \$2,000 per year the threshold level at which cash remuneration payable to a domestic employee in any year becomes subject to social security employment taxes, to provide for annual adjustments in such threshold amount, and to annualize the payment of domestic service employment taxes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Social Security Domes-  
3 tic Employment Tax Act of 1993”.

4 **SEC. 2. INCREASE IN THRESHOLD LEVEL AT WHICH CASH**  
5 **REMUNERATION FOR DOMESTIC SERVICES**  
6 **BECOMES SUBJECT TO SOCIAL SECURITY EM-**  
7 **PLOYMENT TAXES.**

8 (a) AMOUNTS EXCLUDED FROM WAGES UNDER THE  
9 SOCIAL SECURITY ACT.—Subparagraph (B) of section  
10 209(a)(6) of the Social Security Act (42 U.S.C.  
11 409(a)(6)(B)) is amended to read as follows:

12 “(B)(i) Cash remuneration paid by an employer  
13 in any calendar year to an employee for domestic  
14 service in a private home of the employer, if the cash  
15 remuneration paid in such year by the employer to  
16 the employee for such service is less than the thresh-  
17 old amount determined under clause (ii) for such  
18 year.

19 “(ii) The threshold amount for 1993 shall be  
20 \$2,000. The Secretary shall, on or after November  
21 1 of 1993 and of every year thereafter, determine  
22 and publish in the Federal Register the threshold  
23 amount for the succeeding calendar year. Such  
24 threshold amount shall be the larger of—

1           “(I) the amount in effect for the calendar  
2 year in which the determination under this  
3 clause is made, or

4           “(II) the product of \$2,000 and the ratio  
5 of the deemed average total wages (as defined  
6 in section 209(k)(1)) for the calendar year be-  
7 fore the year in which the determination under  
8 this clause is made to the deemed average total  
9 wages (as so defined) for 1991, with such prod-  
10 uct, if not a multiple of \$10, being rounded to  
11 the next higher multiple of \$10 where such  
12 amount is a multiple of \$5 but not of \$10 and  
13 to the nearest multiple of \$10 in any other  
14 case.

15           “(iii) As used in this subparagraph, the term  
16 ‘domestic service in a private home of the employer’  
17 does not include service described in section  
18 210(f)(5).”.

19           (b) AMOUNTS EXCLUDED FROM WAGES UNDER THE  
20 INTERNAL REVENUE CODE OF 1986.—

21           (1) IN GENERAL.—Subparagraph (B) of section  
22 3121(a)(7) of the Internal Revenue Code of 1986  
23 (defining wages) is amended to read as follows:

24           “(B) cash remuneration paid by an em-  
25 ployer in any calendar year to an employee for

1 domestic service in a private home of the em-  
2 ployer, if the cash remuneration paid in such  
3 year by the employer to the employee for such  
4 service is less than the threshold amount deter-  
5 mined under section 209(a)(6)(B)(ii) of the So-  
6 cial Security Act for such year. As used in this  
7 subparagraph, the term ‘domestic service in a  
8 private home of the employer’ does not include  
9 service described in subsection (g)(5);”.

10 (2) CONFORMING AMENDMENT.—The second  
11 sentence of section 3102(a) of such Code (relating to  
12 deduction of tax from wages) is amended—

13 (A) by striking “calendar quarter” each  
14 place it appears and inserting “calendar year”,  
15 and

16 (B) by striking “\$50” and inserting “the  
17 threshold amount determined under section  
18 209(a)(6)(B)(ii) of the Social Security Act for  
19 such year”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to remuneration paid in calendar  
22 years after 1992.

1 **SEC. 3. COORDINATION OF COLLECTION OF DOMESTIC**  
2 **SERVICE EMPLOYMENT TAXES WITH COLLEC-**  
3 **TION OF INCOME TAXES.**

4 (a) IN GENERAL.—Chapter 25 of the Internal Reve-  
5 nue Code of 1986 (relating to general provisions relating  
6 to employment taxes) is amended by adding at the end  
7 the following new section:

8 **“SEC. 3510. COORDINATION OF COLLECTION OF DOMESTIC**  
9 **SERVICE EMPLOYMENT TAXES WITH COLLEC-**  
10 **TION OF INCOME TAXES.**

11 “(a) GENERAL RULE.—Except as otherwise provided  
12 in this section—

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

16 “(2) any such return for any calendar year  
17 shall be filed on or before the due date (including ex-  
18 tensions) of the income tax return for the employer’s  
19 taxable year which begins in such calendar year, and

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

23 “(b) DOMESTIC SERVICE EMPLOYMENT TAXES SUB-  
24 JECT TO ESTIMATED TAX PROVISIONS.—

25 “(1) IN GENERAL.—Solely for purposes of sec-  
26 tion 6654, domestic service employment taxes im-

1 posed with respect to any calendar year shall be  
2 treated as a tax imposed by chapter 2 for the tax-  
3 able year of the employer which begins in such  
4 calendar year.

5 “(2) ANNUALIZATION.—Under regulations pre-  
6 scribed by the Secretary, appropriate adjustments  
7 shall be made in the application of section  
8 6654(d)(2) in respect of the amount treated as tax  
9 under paragraph (1).

10 “(3) TRANSITIONAL RULE.—For purposes of  
11 applying section 6654 to a taxable year beginning in  
12 1993, the amount referred to in clause (ii) of section  
13 6654(d)(1)(B) shall be increased by 90 percent of  
14 the amount treated as tax under paragraph (1) for  
15 such taxable year.

16 “(c) DOMESTIC SERVICE EMPLOYMENT TAXES.—  
17 For purposes of this section, the term ‘domestic service  
18 employment taxes’ means—

19 “(1) any taxes imposed by chapter 21 or 23 on  
20 remuneration paid for domestic service in a private  
21 home of the employer, and

22 “(2) any amount withheld from such remunera-  
23 tion pursuant to an agreement under section  
24 3402(p).

1 For purposes of this subsection, the term ‘domestic service  
2 in a private home of the employer’ does not include service  
3 described in section 3121(g)(5).

4 “(d) EXCEPTION WHERE EMPLOYER LIABLE FOR  
5 OTHER EMPLOYMENT TAXES.—To the extent provided in  
6 regulations prescribed by the Secretary, this section shall  
7 not apply to any employer for any calendar year if such  
8 employer is liable for any tax under this subtitle with re-  
9 spect to remuneration paid in such year for services other  
10 than domestic service in a private home of the employer.

11 “(e) AUTHORITY TO ENTER INTO AGREEMENTS TO  
12 COLLECT STATE UNEMPLOYMENT TAXES.—

13 “(1) IN GENERAL.—The Secretary is hereby  
14 authorized to enter into an agreement with any  
15 State to collect, as the agent of such State, such  
16 State’s unemployment taxes imposed on remunera-  
17 tion paid for domestic service in a private home of  
18 the employer. Any taxes to be collected by the  
19 Secretary pursuant to such an agreement shall be  
20 treated as domestic service employment taxes for  
21 purposes of this section.

22 “(2) TRANSFERS TO STATE ACCOUNT.—Any  
23 amount collected under an agreement referred to in  
24 paragraph (1) shall be transferred by the Secretary

1 to the account of the State in the Unemployment  
2 Trust Fund.

3 “(3) SUBTITLE F MADE APPLICABLE.—For  
4 purposes of subtitle F, any amount required to be  
5 collected under an agreement under paragraph (1)  
6 shall be treated as a tax imposed by chapter 23.

7 “(4) STATE.—For purposes of this subsection,  
8 the term ‘State’ has the meaning given such term by  
9 section 3306(j)(1).”

10 (b) CLERICAL AMENDMENT.—The table of sections  
11 for chapter 25 is amended by adding at the end thereof  
12 the following:

“Sec. 3510. Coordination of collection of domestic service employ-  
ment taxes with collection of income taxes.”

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to remuneration paid in calendar  
15 years after 1992.

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