

103^D CONGRESS
1ST SESSION

H. R. 2334

To amend the Internal Revenue Code of 1986 to simplify the collection of employment taxes on domestic services.

IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 1993

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

A BILL

To amend the Internal Revenue Code of 1986 to simplify the collection of employment taxes on domestic services.

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

3 **SECTION 1. SIMPLIFICATION OF EMPLOYMENT TAXES ON**

4 **DOMESTIC SERVICES.**

5 (a) COORDINATION OF COLLECTION OF DOMESTIC
6 SERVICE EMPLOYMENT WITH COLLECTION OF INCOME
7 TAXES.—

8 (1) IN GENERAL.—Chapter 25 of the Internal
9 Revenue Code of 1986 (relating to general provi-

1 sions relating to employment taxes) is amended by
2 adding at the end thereof the following new section:

3 **“SEC. 3510. COORDINATION OF COLLECTION OF DOMESTIC**
4 **SERVICE EMPLOYMENT TAXES WITH COLLEC-**
5 **TION OF INCOME TAXES.**

6 “(a) GENERAL RULE.—Except as otherwise provided
7 in this section—

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

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

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

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

20 “(1) IN GENERAL.—Solely for purposes of sec-
21 tion 6654, domestic service employment taxes im-
22 posed with respect to any calendar year shall be
23 treated as a tax imposed by chapter 2 for the tax-
24 able year of the employer which begins in such cal-
25 endar year.

1 “(2) ANNUALIZATION.—Under regulations pre-
2 scribed by the Secretary, appropriate adjustments
3 shall be made in the application of section
4 6654(d)(2) in respect of the amount treated as tax
5 under paragraph (1).

6 “(3) TRANSITIONAL RULE.—For purposes of
7 applying section 6654 to a taxable year beginning in
8 1993, the amount referred to in clause (ii) of section
9 6654(d)(1)(B) shall be increased by 90 percent of
10 the amount treated as tax under paragraph (1) for
11 such taxable year.

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

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

18 “(2) any amount withheld from such remunera-
19 tion pursuant to an agreement under section
20 3402(p).

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

24 “(d) EXCEPTION WHERE EMPLOYER IS LIABLE FOR
25 OTHER EMPLOYMENT TAXES.—To the extent provided in

1 regulations prescribed by the Secretary, this section shall
2 not apply to any employer for any calendar year if such
3 employer is liable for any tax under this subtitle with re-
4 spect to remuneration for services other than domestic
5 service in a private home of the employer.

6 “(e) GENERAL REGULATORY AUTHORITY.—The Sec-
7 retary shall prescribe such regulations as may be nec-
8 essary or appropriate to carry out the purposes of this
9 section. Such regulations may treat domestic service em-
10 ployment taxes as taxes imposed by chapter 1 for purposes
11 of coordinating the assessment and collection of such em-
12 ployment taxes with the assessment and collection of do-
13 mestic employers’ income taxes.

14 “(f) AUTHORITY TO ENTER INTO AGREEMENTS TO
15 COLLECT STATE UNEMPLOYMENT TAXES.—

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

1 “(2) TRANSFERS TO STATE ACCOUNT.—Any
2 amount collected under an agreement referred to in
3 paragraph (1) shall be transferred by the Secretary
4 to the account of the State in the Unemployment
5 Trust Fund.

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

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

13 (2) CLERICAL AMENDMENT.—The table of sec-
14 tions for chapter 25 of such Code is amended by
15 adding at the end thereof the following:

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

16 (3) EFFECTIVE DATE.—The amendments made
17 by this subsection shall apply to remuneration paid
18 in calendar years beginning after December 31,
19 1993.

20 (4) EXPANDED INFORMATION TO EMPLOY-
21 ERS.—The Secretary of the Treasury or his delegate
22 shall prepare and make available information on the
23 Federal tax obligations of employers with respect to
24 employees performing domestic service in a private

1 home of the employer. Such information shall also
2 include a statement that such employers may have
3 obligations with respect to such employees under
4 State laws relating to unemployment insurance and
5 workers compensation.

6 (b) THRESHOLD REQUIREMENT FOR SOCIAL SECUR-
7 RITY TAXES.—

8 (1) AMENDMENTS OF INTERNAL REVENUE
9 CODE.—

10 (A) Subparagraph (B) of section
11 3121(a)(7) of the Internal Revenue Code of
12 1986 (defining wages) is amended to read as
13 follows:

14 “(B) cash remuneration paid by an em-
15 ployer in any calendar year to an employee for
16 domestic service in a private home of the em-
17 ployer, if the cash remuneration paid in such
18 year by the employer to the employee for such
19 service is less than \$800. As used in this sub-
20 paragraph, the term ‘domestic service in a pri-
21 vate home of the employer’ does not include
22 service described in subsection (g)(5);”

23 (B) The second sentence of section
24 3102(a) of such Code is amended—

1 (i) by striking “calendar quarter”
2 each place it appears and inserting “cal-
3 endar year”, and

4 (ii) by striking “\$50” and inserting
5 “\$800”.

6 (2) AMENDMENT OF SOCIAL SECURITY ACT.—
7 Subparagraph (B) of section 209(a)(6) of the Social
8 Security Act is amended to read as follows:

9 “(B) Cash remuneration paid by an em-
10 ployer in any calendar year to an employee for
11 domestic service in a private home of the em-
12 ployer, if the cash remuneration paid in such
13 year by the employer to the employee for such
14 service is less than \$800. As used in this sub-
15 paragraph, the term ‘domestic service in a pri-
16 vate home of the employer’ does not include
17 service described in section 210(f)(5).”

18 (3) EFFECTIVE DATE.—The amendments made
19 by this subsection shall apply to remuneration paid
20 in calendar years beginning after December 31,
21 1993.

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