

103D CONGRESS
1ST SESSION

S. 1231

To provide for simplified collection of employment taxes on domestic services,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 14 (legislative day, JUNE 30), 1993

Mr. MOYNIHAN (for himself, Mr. DOLE, Mr. BOREN, Mr. WALLOP, Mr. GRASSLEY, and Mr. CHAFEE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for simplified collection of employment taxes on
domestic services, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security Domes-
5 tic Employment Reform Act of 1993”.

6 **SEC. 2. SIMPLIFICATION OF EMPLOYMENT TAXES ON DO-**
7 **MESTIC SERVICES.**

8 (a) THRESHOLD REQUIREMENT FOR SOCIAL SECU-
9 RITY TAXES.—

1 (1) AMENDMENTS OF INTERNAL REVENUE
2 CODE.—

3 (A) GENERAL RULE.—Subparagraph (B)
4 of section 3121(a)(7) of the Internal Revenue
5 Code of 1986 (defining wages) is amended to
6 read as follows:

7 “(B) cash remuneration paid by an em-
8 ployer in any calendar year to an employee for
9 domestic service in a private home of the em-
10 ployer (other than service described in sub-
11 section (g)(5)), if the cash remuneration paid in
12 such year by the employer to the employee for
13 such service is less than the applicable dollar
14 threshold (as defined in subsection (y)) for such
15 year;”.

16 (B) APPLICABLE DOLLAR THRESHOLD.—
17 Section 3121 of such Code is amended by add-
18 ing at the end thereof the following new sub-
19 section:

20 “(y) APPLICABLE DOLLAR THRESHOLD.—For pur-
21 poses of subsection (a)(7)(B), the term ‘applicable dollar
22 threshold’ means the amount required for a quarter of cov-
23 erage as determined under section 213(d)(2) of the Social
24 Security Act for calendar year 1994. In the case of cal-
25 endar years after 1994, the Secretary of Health and

1 Human Services shall adjust such amount at the same
 2 time and in the same manner as the amount under section
 3 213(d)(2) of the Social Security Act, except that such ad-
 4 justment shall not take effect in any year in which the
 5 otherwise adjusted amount does not exceed the amount
 6 in effect under this subsection for the preceding calendar
 7 year by at least \$50.”

8 (C) EMPLOYMENT OF DOMESTIC EMPLOY-
 9 EES UNDER AGE 18 EXCLUDED FROM COV-
 10 ERAGE.—Section 3121(b) of such Code (defin-
 11 ing employment) is amended—

12 (i) by striking “or” at the end of
 13 paragraph (19),

14 (ii) by striking the period at the end
 15 of paragraph (20) and inserting “; or”,
 16 and

17 (iii) by adding at the end the follow-
 18 ing new paragraph:

19 “(21) domestic service in a private home of the
 20 employer performed in any year by an individual
 21 under the age of 18 during any portion of such
 22 year.”

23 (D) CONFORMING AMENDMENTS.—The
 24 second sentence of section 3102(a) of such
 25 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 “the applicable dollar threshold (as defined
6 in section 3121(y)) for such year”.

7 (2) AMENDMENT OF SOCIAL SECURITY ACT.—

8 (A) GENERAL RULE.—Subparagraph (B)
9 of section 209(a)(6) of the Social Security Act
10 (42 U.S.C. 409(a)(6)(B)) is amended to read as
11 follows:

12 “(B) Cash remuneration paid by an employer in
13 any calendar year to an employee for domestic serv-
14 ice in a private home of the employer (other than
15 service described in section 210(f)((5)), if the cash
16 remuneration paid in such year by the employer to
17 the employee for such service is less than the appli-
18 cable dollar threshold (as defined in section 3121(y)
19 of the Internal Revenue Code of 1986) for such
20 year;”.

21 (B) EMPLOYMENT OF DOMESTIC EMPLOY-
22 EES UNDER AGE 18 EXCLUDED FROM COV-
23 ERAGE.—Section 210(a) of such Act (42 U.S.C.
24 410(a)) is amended—

1 (i) by striking “or” at the end of
2 paragraph (19),

3 (ii) by striking the period at the end
4 of paragraph (20) and inserting “; or”,
5 and

6 (iii) by adding at the end the follow-
7 ing new paragraph:

8 “(21) domestic service in a private home of the
9 employer performed in any year by an individual
10 under the age of 18 during any portion of such
11 year.”

12 (3) EFFECTIVE DATE.—The amendments made
13 by this subsection shall apply to remuneration paid
14 in calendar years beginning after December 31,
15 1993.

16 (b) COORDINATION OF COLLECTION OF DOMESTIC
17 SERVICE EMPLOYMENT WITH COLLECTION OF INCOME
18 TAXES.—

19 (1) IN GENERAL.—Chapter 25 of the Internal
20 Revenue Code of 1986 (relating to general provi-
21 sions relating to employment taxes) is amended by
22 adding at the end thereof the following new section:

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

4 “(a) GENERAL RULE.—Except as otherwise provided
5 in this section—

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

9 “(2) any such return for any calendar year
10 shall be filed on or before the 15th day of the 4th
11 month following the close of the employer’s taxable
12 year which begins in such calendar year, and

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

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

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

24 “(2) SPECIAL RULE WHERE TAXES ARE PAID
25 ON OR BEFORE APRIL 15.—If, on or before the date
26 described in subsection (a)(2) or, if earlier, the date

1 the return is filed, the employer pays in full the do-
2 mestic service employment taxes computed on such
3 return as payable for any calendar year, then no ad-
4 dition to tax shall be imposed under section 6654(a)
5 with respect to any underpayment of any required
6 installment of such taxes for the taxable year begin-
7 ning in such calendar year.

8 “(3) ANNUALIZATION.—Under regulations pre-
9 scribed by the Secretary, appropriate adjustments
10 shall be made in the application of section
11 6654(d)(2) in respect of the amount treated as tax
12 under paragraph (1).

13 “(4) TRANSITIONAL RULE.—For purposes of
14 applying section 6654 to a taxable year beginning in
15 1994, the amount referred to in clause (ii) of section
16 6654(d)(1)(B) shall be increased by 90 percent of
17 the amount treated as tax under paragraph (1) for
18 such preceding taxable year.

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

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

1 “(2) any amount withheld from such remunera-
2 tion pursuant to an agreement under section
3 3402(p).

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

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

14 “(e) GENERAL REGULATORY AUTHORITY.—The Sec-
15 retary shall prescribe such regulations as may be nec-
16 essary or appropriate to carry out the purposes of this
17 section. Such regulations may treat domestic service em-
18 ployment taxes as taxes imposed by chapter 1 for purposes
19 of coordinating the assessment and collection of such em-
20 ployment taxes with the assessment and collection of do-
21 mestic employers’ income taxes.

22 “(f) AUTHORITY TO ENTER INTO AGREEMENTS TO
23 COLLECT STATE UNEMPLOYMENT TAXES.—

24 “(1) IN GENERAL.—The Secretary is hereby
25 authorized to enter into an agreement with any

1 State to collect, as the agent of such State, such
 2 State's unemployment taxes imposed on remunera-
 3 tion paid for domestic service in a private home of
 4 the employer. Any taxes to be collected by the Sec-
 5 retary pursuant to such an agreement shall be treat-
 6 ed as domestic service employment taxes for pur-
 7 poses of this section.

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

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

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

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

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

23 (3) EFFECTIVE DATE.—The amendments made
 24 by this subsection shall apply to remuneration paid

1 in calendar years beginning after December 31,
2 1993.

3 (4) EXPANDED INFORMATION TO EMPLOY-
4 ERS.—The Secretary of the Treasury or his delegate
5 shall prepare and make available information on the
6 Federal tax obligations of employers with respect to
7 employees performing domestic service in a private
8 home of the employer. Such information shall also
9 include a statement that such employers may have
10 obligations with respect to such employees under
11 State laws relating to unemployment insurance and
12 workers compensation.

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