

103D CONGRESS
1ST SESSION

H. R. 3088

To amend the Internal Revenue Code of 1986 and title II of the Social Security Act to simplify employment taxes on domestic services.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 1993

Mrs. KENNELLY (for herself, Mr. HOUGHTON, Mrs. MEEK, Mr. MATSUI, Mr. CAMP, Mr. CARDIN, Mr. COYNE, Mr. FORD of Tennessee, Mr. GIBBONS, Mr. GRANDY, Mr. HANCOCK, Mr. HERGER, Mr. JEFFERSON, Mr. KOPETSKI, Mr. LEWIS of Georgia, Mr. McNULTY, Mr. NEAL of Massachusetts, Mr. PAYNE of Virginia, Mr. RANGEL, Mr. REYNOLDS, Mr. SANTORUM, Mr. SHAW, Mr. SUNDQUIST, Mr. THOMAS of California, and Mr. FAZIO) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 and title II of the Social Security Act to simplify 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. COORDINATION OF COLLECTION OF DOMESTIC**
4 **SERVICE EMPLOYMENT TAXES WITH COLLEC-**
5 **TION OF INCOME TAXES.**

6 (a) IN GENERAL.—Chapter 25 of the Internal Reve-
7 nue Code of 1986 (relating to general provisions relating

1 to employment taxes) is amended by adding at the end
2 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 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 (b) CLERICAL AMENDMENT.—The table of sections
14 for chapter 25 of such Code is amended by adding at the
15 end thereof the following:

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

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

19 (d) EXPANDED INFORMATION TO EMPLOYERS.—The
20 Secretary of the Treasury or his delegate shall prepare
21 and make available information on the Federal tax obliga-
22 tions of employers with respect to employees performing
23 domestic service in a private home of the employer. Such
24 information shall also include a statement that such em-

1 ployers may have obligations with respect to such employ-
2 ees under State laws relating to unemployment insurance
3 and workers compensation.

4 **SEC. 2. THRESHOLD REQUIREMENT FOR SOCIAL SECURITY**
5 **TAXES.**

6 (a) AMENDMENTS OF INTERNAL REVENUE CODE.—

7 (1) TREATMENT AS WAGES.—Subparagraph
8 (B) of section 3121(a)(7) of the Internal Revenue
9 Code of 1986 (defining wages) is amended to read
10 as follows:

11 “(B) cash remuneration paid by an employer in
12 any calendar year to an employee for domestic serv-
13 ice in a private home of the employer (other than
14 service described in subsection (g)(5)), if the cash
15 remuneration paid in such year by the employer to
16 the employee for such service is less than the appli-
17 cable dollar threshold (as defined in subsection (y))
18 for such year;”.

19 (2) APPLICABLE DOLLAR THRESHOLD.—Sec-
20 tion 3121 of such Code is amended by adding at the
21 end the following new subsection:

22 “(y) APPLICABLE DOLLAR THRESHOLD FOR DOMES-
23 TIC EMPLOYEES.—For purposes of subsection (a)(7)(B),
24 the term ‘applicable dollar threshold’ means \$800. In the
25 case of calendar years after 1994, the Secretary of Health

1 and Human Services shall adjust such \$800 amount at
2 the same time and in the same manner as under section
3 215(a)(1)(B)(ii) of the Social Security Act with respect
4 to the amounts referred to in section 215(a)(1)(B)(i) of
5 such Act, except that, for purposes of this subparagraph,
6 1992 shall be substituted for the calendar year referred
7 to in section 215(a)(1)(B)(ii)(II) of such Act. If the
8 amount determined under the preceding sentence is not
9 a multiple of \$50, such amount shall be rounded to the
10 nearest multiple of \$50.”

11 (3) EMPLOYMENT OF DOMESTIC EMPLOYEES 16
12 AND UNDER EXCLUDED FROM COVERAGE.—Section
13 3121(b) of such Code (defining employment) is
14 amended—

15 (A) by striking “or” at the end of para-
16 graph (19),

17 (B) by striking the period at the end of
18 paragraph (20) and inserting “; or”, and

19 (C) by adding at the end the following new
20 paragraph:

21 “(21) domestic service in a private home of the
22 employer performed in any year by an individual 16
23 and under during any portion of such year.”

1 (4) CONFORMING AMENDMENTS.—The second
2 sentence of section 3102(a) of such Code is amend-
3 ed—

4 (A) by striking “calendar quarter” each
5 place it appears and inserting “calendar year”,
6 and

7 (B) by striking “\$50” and inserting “the
8 applicable dollar threshold (as defined in section
9 3121(y)) for such year”.

10 (b) AMENDMENT OF SOCIAL SECURITY ACT.—

11 (1) IN GENERAL.—Subparagraph (B) of section
12 209(a)(6) of the Social Security Act (42 U.S.C.
13 409(a)(6)(B)) is amended to read as follows:

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

23 (2) EMPLOYMENT OF DOMESTIC EMPLOYEES 16
24 AND UNDER EXCLUDED FROM COVERAGE.—Section
25 210(a) of such Act (42 U.S.C. 410(a)) is amended—

1 (A) by striking “or” at the end of para-
2 graph (19),

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

5 (C) by adding at the end the following new
6 paragraph:

7 “(21) domestic service in a private home of the
8 employer performed in any year by an individual 16
9 and under during any portion of such year.”

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to remuneration paid in calendar
12 years beginning after December 31, 1993.

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