

provision to other persons or circumstances shall not be affected thereby.”

PENALTIES AND INTEREST NOT ASSESSED FOR FAILURE TO MAKE TIMELY PAYMENT DURING PERIOD JANUARY 1, 1982, TO JUNE 30, 1982, OF TAXES ATTRIBUTABLE TO AMENDMENTS BY PUB. L. 97-123

For provision that no penalties or interest shall be assessed on account of any failure to make timely payment of taxes imposed by subsec. (b) of this section with respect to payments made for the period Jan. 1, 1982, and ending June 30, 1982, to the extent that such taxes are attributable to section 3 of Pub. L. 97-123 or the amendments made by that section, see section 3(f) of Pub. L. 97-123, set out as a note under section 3101 of this title.

§ 3202. Deduction of tax from compensation

(a) Requirement

The taxes imposed by section 3201 shall be collected by the employer of the taxpayer by deducting the amount of the taxes from the compensation of the employee as and when paid. An employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053(a) to which paragraph (3) of section 3231(e) is applicable may deduct an amount equivalent to such taxes with respect to such tips from any compensation of the employee (exclusive of tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than \$20.

(b) Indemnification of employer

Every employer required under subsection (a) to deduct the tax shall be liable for the payment of such tax and shall not be liable to any person for the amount of any such payment.

(c) Special rule for tips

(1) In the case of tips which constitute compensation, subsection (a) shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053(a), and only to the extent that collection can be made by the employer, at or after the time such statement is so furnished and before the close of the 10th day following the calendar month (or, if paragraph (3) applies, the 30th day following the quarter) in which the tips were deemed paid, by deducting the amount of the tax from such compensation of the employee (excluding tips, but including funds turned over by the employee to the employer pursuant to paragraph (2)) as are under control of the employer.

(2) If the taxes imposed by section 3201, with respect to tips which are included in written statements furnished in any month to the employer pursuant to section 6053(a), exceed the compensation of the employee (excluding tips) from which the employer is required to collect the taxes under paragraph (1), the employee may furnish to the employer on or before the 10th day of the following month (or, if paragraph (3) applies, on or before the 30th day of the following quarter) an amount of money equal to the amount of the excess.

(3) The Secretary may, under regulations prescribed by him, authorize employers—

(A) to estimate the amount of tips that will be reported by the employee pursuant to section 6053(a) in any quarter of the calendar year,

(B) to determine the amount to be deducted upon each payment of compensation (exclusive of tips) during such quarter as if the tips so estimated constituted actual tips so reported, and

(C) to deduct upon any payment of compensation (other than tips, but including funds turned over by the employee to the employer pursuant to paragraph (2)) to such employee during such quarter (and within 30 days thereafter) such amount as may be necessary to adjust the amount actually deducted upon such compensation of the employee during the quarter to the amount required to be deducted in respect of tips included in written statements furnished to the employer during the quarter.

(4) If the taxes imposed by section 3201 with respect to tips which constitute compensation exceed the portion of such taxes which can be collected by the employer from the compensation of the employee pursuant to paragraph (1) or paragraph (3), such excess shall be paid by the employee.

(d) Special rule for certain taxable group-term life insurance benefits

(1) In general

In the case of any payment for group-term life insurance to which this subsection applies—

(A) subsection (a) shall not apply,

(B) the employer shall separately include on the statement required under section 6051—

(i) the portion of the compensation which consists of payments for group-term life insurance to which this subsection applies, and

(ii) the amount of the tax imposed by section 3201 on such payments, and

(C) the tax imposed by section 3201 on such payments shall be paid by the employee.

(2) Benefits to which subsection applies

This subsection shall apply to any payment for group-term life insurance to the extent—

(A) such payment constitutes compensation, and

(B) such payment is for coverage for periods during which an employment relationship no longer exists between the employee and the employer.

(Aug. 16, 1954, ch. 736, 68A Stat. 431; Aug. 31, 1954, ch. 1164, pt. II, §206(a), 68 Stat. 1040; Pub. L. 86-28, pt. II, §201(b), May 19, 1959, 73 Stat. 29; Pub. L. 88-133, title II, §202, Oct. 5, 1963, 77 Stat. 221; Pub. L. 89-212, §§2(a), 4, Sept. 29, 1965, 79 Stat. 858, 861; Pub. L. 89-700, title III, §301(iii), (v), Oct. 30, 1966, 80 Stat. 1088; Pub. L. 93-69, title I, §102(b), July 10, 1973, 87 Stat. 162; Pub. L. 94-455, title XIX, §§1903(a)(7), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1807, 1834; Pub. L. 98-76, title II, §225(a)(2), (c)(1)(A), (B), (2)-(5), Aug. 12, 1983, 97 Stat. 425; Pub. L. 101-508, title V, §5124(b), Nov. 5, 1990, 104 Stat. 1388-285.)

Editorial Notes**AMENDMENTS**

1990—Subsec. (d). Pub. L. 101-508 added subsec. (d).
 1983—Subsec. (a). Pub. L. 98-76, § 225(a)(2), (c)(1)(A), (2), substituted “taxes imposed by section 3201” for “tax imposed by section 3201”, substituted “the amount of the taxes” for “the amount of the tax”, and “such taxes” for “such tax”, and struck out provisions that if an employee was paid compensation by more than one employer for services rendered during any calendar month and the aggregate of such compensation was in excess of an amount equal to one-twelfth of the current maximum annual taxable “wages” as defined in section 3121 for any month, the tax to be deducted by each employer other than a subordinate unit of a national railway-labor-organization employer from the compensation paid by him to the employee with respect to such month would be that proportion of the tax with respect to such compensation paid by all such employers which the compensation paid by him to the employee for services rendered during such month bears to the total compensation paid by all such employers to such employee for services rendered during such month; and that in the event that the compensation so paid by such employers to the employee for services rendered during such month was less than an amount equal to one-twelfth of the current maximum annual taxable “wages” as defined in section 3121 for any month, each subordinate unit of a national railway-labor-organization employer would deduct such proportion of any additional tax as the compensation paid by such employer to such employee for services rendered during such month bears to the total compensation paid by all such employers to such employee for services rendered during such month.

Subsec. (c)(2). Pub. L. 98-76, § 225(c)(1)(B), (3), (5), substituted “taxes imposed by section 3201” for “tax imposed by section 3201”, “the taxes under paragraph (1)” for “the tax under paragraph (1)”, and “exceed” for “exceeds”.

Subsec. (c)(4). Pub. L. 98-76, § 225(c)(1)(B), (4), (5), substituted “taxes imposed by section 3201” for “tax imposed by section 3201”, “such taxes” for “such tax”, and “exceed” for “exceeds”.

1976—Subsec. (a). Pub. L. 94-455, § 1903(a)(7)(A), struck out provisions relating to the September 30, 1973, qualification on the applicability of provisions of this subsection and “of the Internal Revenue Code of 1954” before “for any month” wherever appearing.

Subsec. (b). Pub. L. 94-455, § 1903(a)(7)(B), struck out “made” after “to deduct the tax shall be”.

Subsec. (c)(3). Pub. L. 94-455, § 1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

1973—Subsec. (a). Pub. L. 93-69, in second sentence reading “If an employee . . .”, substituted “1973” for “1965” wherever appearing, struck out “(i) \$450, or (ii)” before “an amount equal to” in two places, and struck out “, whichever is greater,” after “Internal Revenue Code of 1954” in two places.

1966—Subsec. (a). Pub. L. 89-700 substituted “after September 30, 1965” for “after the month in which this provision was amended in 1959” in six places, and “(i) \$450, or (ii) an amount equal to one-twelfth of the current maximum annual taxable ‘wages’ as defined in section 3121 of the Internal Revenue Code of 1954, whichever is greater, for any month after September 30, 1965” for “\$400 for any calendar month before the calendar month next following the month in which this provision was amended in 1963, or \$450 for any calendar month after the month in which this provision was so amended and before the calendar month next following the calendar month in which this provision was amended in 1965, or (i) \$450, or (ii) an amount equal to one-twelfth of the current maximum annual taxable ‘wages’ as defined in section 3121 of the Internal Revenue Code of 1954, whichever is greater, for any month after the month in which this provision was so amended” in two places.

1965—Subsec. (a). Pub. L. 89-212, §§ 2(a)(1), 4, inserted sentence permitting an employer who is furnished by

an employee a written statement of tips pursuant to section 6053(a) to which par. (3) of section 3231(e) is applicable to deduct an amount equivalent to such tax with respect to such tips from any compensation of the employee under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than \$20, and inserted “and before the calendar month next following the calendar month in which this provision was amended in 1965, or (i) \$450, or (ii) an amount equal to one-twelfth of the current maximum annual taxable ‘wages’ as defined in section 3121, whichever is greater, for any month after the month in which this provision was so amended” in two places.

Subsec. (c). Pub. L. 89-212, § 2(a)(2), added subsec. (c).
 1963—Subsec. (a). Pub. L. 88-133 limited existing taxable compensation base of \$400 to any calendar month before Nov. 1963 and increased such base to \$450 for any calendar month after Oct. 1963.

1959—Subsec. (a). Pub. L. 86-28 substituted “after the month in which this provision was amended in 1959” for “after 1954” and for “after December 31, 1954” in five places, and “\$400” for “\$350” in two places.

1954—Subsec. (a). Act Aug. 31, 1954, substituted “\$350” for “\$300” wherever appearing.

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE OF 1990 AMENDMENT**

Amendment by Pub. L. 101-508 applicable to coverage provided after Dec. 31, 1990, see section 5124(c) of Pub. L. 101-508, set out as a note under section 3102 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 98-76 applicable to remuneration paid after Dec. 31, 1984, see section 227(a) of Pub. L. 98-76, set out as a note under section 3201 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1903(a)(7) of Pub. L. 94-455 applicable with respect to compensation paid for services rendered after Dec. 31, 1976, see section 1903(d) of Pub. L. 94-455, set out as a note under section 3201 of this title.

EFFECTIVE DATE OF 1973 AMENDMENT

Amendment by Pub. L. 93-69 effective Oct. 1, 1973, and applicable only with respect to compensation paid for services rendered on or after Oct. 1, 1973; and applicable to railway labor organization covered by a private supplemental pension plan as of Oct. 1, 1973, and subject to a moratorium agreed to on or before Mar. 8, 1973, for changes in pay rates, on the earlier of (1) date of expiration of such moratorium, or (2) date as of which the railway labor organization through collective bargaining agreement makes amendment applicable, see section 109(b) of Pub. L. 93-69, set out as a note under section 3201 of this title.

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by section 2(a) of Pub. L. 89-212 effective only with respect to tips received after 1965, and amendment by section 4 of Pub. L. 89-212 effective only with respect to calendar months after the month in which Pub. L. 89-212 is enacted, see section 6 of Pub. L. 89-212, set out as a note under section 3201 of this title.

EFFECTIVE DATE OF 1959 AMENDMENT

Amendment by Pub. L. 86-28 effective, except as otherwise provided, first day of calendar month next following May 1959, see section 202 of Pub. L. 86-28, set out as a note under section 3201 of this title.

EFFECTIVE DATE OF 1954 AMENDMENT

Amendment by act Aug. 31, 1954, effective as if enacted as a part of the Internal Revenue Code of 1986

[formerly I.R.C. 1954], see section 407 of act Aug. 31, 1954, as amended, set out as a note under section 3201 of this title.

Subchapter B—Tax on Employee Representatives

Sec.	
3211.	Rate of tax.
3212.	Determination of compensation.

§ 3211. Rate of tax

(a) Tier 1 tax

In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the applicable percentage of the compensation received during any calendar year by such employee representative for services rendered by such employee representative. For purposes of the preceding sentence, the term “applicable percentage” means the percentage equal to the sum of the rates of tax in effect under subsections (a) and (b) of section 3101 and subsections (a) and (b) of section 3111 for the calendar year.

(b) Tier 2 tax

In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the percentage determined under section 3241 for any calendar year of the compensation received during such calendar year by such employee representative for services rendered by such employee representative.

(c) Cross reference

For application of different contribution bases with respect to the taxes imposed by subsections (a) and (b), see section 3231(e)(2).

(Aug. 16, 1954, ch. 736, 68A Stat. 432; Aug. 31, 1954, ch. 1164, pt. II, §206(a), 68 Stat. 1040; Pub. L. 86-28, pt. II, §201(c), May 19, 1959, 73 Stat. 29; Pub. L. 88-133, title II, §201, Oct. 5, 1963, 77 Stat. 221; Pub. L. 89-97, title I, §§105(b)(2), 111(c)(2), July 30, 1965, 79 Stat. 335, 342; Pub. L. 89-212, §4, 5(b), Sept. 29, 1965, 79 Stat. 861; Pub. L. 89-699, title III, §301 (b), (d), Oct. 30, 1966, 80 Stat. 1078; Pub. L. 89-700, title III, §301(v), (vi), Oct. 30, 1966, 80 Stat. 1088, 1089; Pub. L. 91-215, §4, Mar. 17, 1970, 84 Stat. 70; Pub. L. 93-69, title I, §102(c), July 10, 1973, 87 Stat. 162; Pub. L. 94-93, title II, §202, Aug. 9, 1975, 89 Stat. 466; Pub. L. 94-455, title XIX, §1903(a)(8), Oct. 4, 1976, 90 Stat. 1807; Pub. L. 97-34, title VII, §741(b), Aug. 13, 1981, 95 Stat. 347; Pub. L. 98-76, title II, §§211(c), 223, Aug. 12, 1983, 97 Stat. 419, 421; Pub. L. 101-508, title V, §5125(b), Nov. 5, 1990, 104 Stat. 1388-285; Pub. L. 107-90, title II, §§203(a), 204(b), Dec. 21, 2001, 115 Stat. 891; Pub. L. 113-295, div. A, title II, §221(a)(100)(B), Dec. 19, 2014, 128 Stat. 4052.)

Editorial Notes

AMENDMENTS

2014—Subsec. (b). Pub. L. 113-295 amended subsec. (b) generally. Prior to amendment, subsec. (b) consisted of pars. (1) and (2) establishing the tier 2 tax and its applicable percentage.

2001—Subsec. (a). Pub. L. 107-90, §204(b), added subsec. (a) and struck out former subsec. (a), which related to imposition of tier 1 and 2 taxes.

Subsec. (b). Pub. L. 107-90, §204(b), added subsec. (b).

Pub. L. 107-90, §203(a), struck out subsec. (b) which read as follows: “In addition to other taxes, there is

hereby imposed on the income of each employee representative a tax at a rate equal to the rate of excise tax imposed on every employer, provided for in section 3221(c), for each man-hour for which compensation is paid to him for services rendered as an employee representative.”

Subsec. (c). Pub. L. 107-90, §204(b), added subsec. (c).
1990—Subsec. (a). Pub. L. 101-508 substituted “applicable” for “following” before “percentage of the” and provision defining the term “applicable percentage” for provision specifying that in the case of compensation received during 1985 the rate of tax was 14.10 percent, for 1986 or 1987 the rate was 14.30 percent, for 1988 or 1989 the rate was 15.02 percent, and for 1990 or thereafter the rate was 15.30 percent.

1983—Subsec. (a). Pub. L. 98-76, §223, substituted provisions imposing a two tiered tax on each employee representative equal to the percentage of the compensation received during any calendar year by such employee representative for services rendered as is set out in accompanying tables, for provisions that had imposed on each employee representative a tax equal to 12.75 percent plus the sum of the rates of tax imposed with respect to wages by sections 3101(a), 3101(b), 3111(a), and 3111(b) of so much of the compensation paid in any calendar month to such employee representative for services rendered by him as was not in excess of an amount equal to one-twelfth of the current maximum annual taxable “wage” as defined in section 3121 for any month.

Pub. L. 98-76, §211(c), substituted “12.75 percent” for “11.75 percent”.

1981—Subsec. (a). Pub. L. 97-34 substituted “11.75” for “9.5”.

1976—Subsec. (a). Pub. L. 94-455 substituted “3111(a), and 3111(b)” for “3111(a), 3111(b)”, struck out “of the Internal Revenue Code of 1954” before “of so much of the compensation”, “after September 30, 1973,” after “rendered by him”, “of the Internal Revenue Code of 1954” after “as defined in section 3121”, and “after September 30, 1973” after “for any month”.

1975—Subsec. (a). Pub. L. 94-93 inserted “in any calendar month” after “compensation paid”.

1973—Subsec. (a). Pub. L. 93-69 substituted new tax rate provisions on income of employee representatives for services rendered after Sept. 30, 1973, for former provisions which prescribed 12½, 13, 14, 14½, and 15 percent on income for services rendered after Sept. 30, 1965, Dec. 31, 1965, Dec. 31, 1966, Dec. 31, 1967, and Dec. 31, 1968, respectively, as is not in excess of (i) \$450, or (ii) an amount equal to one-twelfth of the current maximum annual taxable “wages” as defined in section 3121 of the Internal Revenue Code of 1954, whichever is greater, for any month after September 30, 1965: *Provided*, That the rate of tax imposed by this section shall be increased, with respect to compensation paid for services rendered after September 30, 1965, by a number of percentage points (including fractional points) equal at any given time to twice the number of percentage points (including fractional points) by which the rate of the tax imposed with respect to wages by section 3101(a) plus the rate imposed by section 3101(b) at such time exceeds 2¼ percent (the rate provided by paragraph (2) of section 3101 as amended by the Social Security Amendments of 1956).

1970—Subsec. (b). Pub. L. 91-215 substituted the rate of excise tax imposed on every employer under section 3221(c) of this title for a flat 2-cents per man hour tax as the rate for additional taxes imposed on the income of employee representatives for each man hour of compensation paid.

1966—Pub. L. 89-700 substituted “rendered after September 30, 1965” for “rendered after December 31, 1964”, and “(i) \$450, or (ii) an amount equal to one-twelfth of the current maximum annual taxable ‘wages’ as defined in section 3121 of the Internal Revenue Code of 1954, whichever is greater, for any month after September 30, 1965” for “\$400 for any calendar month before the calendar month next following the month in which this provision was amended in 1963, or \$450 for any cal-