

Vol 8

Withholding deduction

Weekly	\$13
Biweekly	24
Semi-monthly	26
Monthly	52
Quarterly	156
Semi-annually	312
Annually	624

(2) If a pay-roll period in respect of any wages is less than one week, the excess of the aggregate of the wages paid during each calendar week over the deduction allowed by this subsection for a weekly pay-roll period shall be used in computing the tax required to be withheld.

(3) If a pay-roll period in respect of any wages, or any other period with respect to which wages are paid, is not otherwise specifically provided for in this subsection, the deduction allowable against each payment of such wages shall be the deduction allowable in the case of an annual pay-roll period divided by 365 and multiplied by the number of days in such period, including Sundays and holidays.

(4) In any case in which wages are paid by an employer without regard to any pay-roll period or other period, the deduction allowable against each payment of such wages shall be the deduction allowable in the case of an annual pay-roll period divided by 365 and multiplied by the number of days (including Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(5) The deduction allowable under this subsection in respect of any individual for any calendar year shall not exceed the total deduction which would have been allowable under paragraph (1) if the only pay-roll period of such individual had been an annual pay-roll period.

(c) **Wage bracket withholding.** (1) At the election of the employer, if his pay-roll period with respect to an employee is weekly, bi-weekly, semi-monthly, or monthly, there shall be withheld, collected, and paid upon the wages of such employee a tax determined in accordance with the following tables, which shall be in lieu of the tax required to be withheld under subsection (a):

For weekly pay-roll period			For biweekly pay-roll period		
If the wages are over	But not over	The amount of tax to be withheld shall be	If the wages are over	But not over	The amount of tax to be withheld shall be
\$12	\$16	\$0.10	\$24	\$30	\$0.10
\$16	20	.30	30	40	.50
\$20	24	.50	40	50	1.00
\$24	28	.70	50	60	1.50
\$28	32	.90	60	70	2.00
\$32	36	1.10	70	80	2.50
\$36	40	1.30	80	100	3.30
\$40	50	1.60	100	120	4.30
\$50	60	2.10	120	140	5.30
\$60	70	2.60	140	160	6.30
\$70	80	3.10	160	180	7.30
\$80	90	3.60	180	200	8.30
\$90	100	4.10	200	230	9.30
\$100	110	4.60	220	240	10.30
\$110	120	5.10	240	260	11.30
\$120	130	5.60	260	280	12.30
\$130	140	6.10	280	300	13.30
\$140	150	6.60	300	320	14.30
\$150	160	7.10	320	340	15.30
\$160	170	7.60	340	360	16.30
\$170	180	8.10	360	380	17.30
\$180	190	8.60	380	400	18.30
\$190	200	9.10	400	420	19.30
\$200		9.40	420	440	20.30
			440	460	21.30
			460	480	22.30
			480	500	23.30
			500		23.90

* Plus 5 percent of the excess over \$200.
 * Plus 5 percent of the excess over \$500.

For semi-monthly pay-roll period			For monthly pay-roll period		
If the wages are over	But not over	The amount of tax to be withheld shall be	If the wages are over	But not over	The amount of tax to be withheld shall be
\$26	\$30	\$0.10	\$52	\$60	\$0.20
\$30	40	.40	60	80	.80
\$40	50	.90	80	100	1.90
\$50	60	1.40	100	120	2.90
\$60	70	1.90	120	140	3.90
\$70	80	2.40	140	160	4.90
\$80	100	3.20	160	200	6.40
\$100	120	4.20	200	240	8.40
\$120	140	5.20	240	280	10.40
\$140	160	6.20	280	320	12.40
\$160	180	7.20	320	360	14.40
\$180	200	8.20	360	400	16.40
\$200	220	9.20	400	440	18.40
\$220	240	10.20	440	480	20.40
\$240	260	11.20	480	520	22.40
\$260	280	12.20	520	560	24.40
\$280	300	13.20	560	600	26.40
\$300	320	14.20	600	640	28.40
\$320	340	15.20	640	680	30.40
\$340	360	16.20	680	720	32.40
\$360	380	17.20	720	760	34.40
\$380	400	18.20	760	800	36.40
\$400	420	19.20	800	840	38.40
\$420	440	20.20	840	880	40.40
\$440	460	21.20	880	920	42.40
\$460	480	22.20	920	960	44.40
\$480	500	23.20	960	1,000	46.40
\$500		23.70	1,000		47.40

* Plus 5 percent of the excess over \$500.
 * Plus 5 percent of the excess over \$1,000.

(d) **Tax paid by recipient.** If any tax required under this part to be withheld and collected is paid by the recipient of the income, it shall not be re-collected from the withholding agent; but such payment shall in no case relieve the withholding agent from liability for interest or additions to the tax otherwise applicable in respect of the tax imposed by this chapter.

(e) **Credit for tax withheld at source.** The tax withheld and collected under this part shall not be allowed as a deduction either to the withholding agent or to the recipient of the income in computing net income; but the amount of the tax so withheld and collected shall be allowed as a credit against the tax imposed by this chapter upon the recipient of the income. Such credit shall be allowed first against the victory tax imposed by sections 450 (adjusted for the credit allowed by section 453) and the excess of such credit, if any, over the victory tax, so adjusted, shall be allowed against the tax imposed by sections 11 and 12 or section 400, as the case may be.

(f) **Refunds.** Where there has been an overpayment of tax under this part, any refund or credit made under the provisions of section 322 shall be made to the recipient of the income; but, in any case in which such tax was not so withheld by the withholding agent, such refund or credit shall be made to the withholding agent.

(g) **Included and excluded wages.** If the remuneration paid by an employer to an employee for services performed during one-half or more of any pay-roll period constitutes wages, all the remuneration paid by such employer to such employee for such period shall be deemed to be wages; but if the remuneration paid by an employer to an employee for services performed during more than one-half of any such pay-roll period does not constitute wages, then none of the remuneration paid by such employer to such employee for such period shall be deemed to be wages.

(g) **Effective date.** The provisions of this section shall take effect on January 1, 1943, and shall be applicable to all wages (as defined in Part II of Subchapter D) paid on or after such date.

§ 19.466-1 Requirement of withholding—(a) In general. Subject to certain prescribed conditions, section 466 provides, at the election of the employer, alternative methods for computing the tax with respect to wages includible in gross income: (1) A tax equal to 5 percent of the excess of each payment of such wages over the withholding deduction (hereinafter referred to as withholding exemption) allowable under paragraph (b), or subparagraph (2) a tax determined in accordance with the tables provided in paragraph (c). (See § 19.466 (c)). The tax is applicable to all wages actually or constructively paid on or after January 1, 1943 regardless of the period for which paid or the method of accounting followed by the employee in computing his income for tax purposes, and is collected by deducting the amount thereof from such wages as and when so paid.

Example (1). Employer X has a semi-monthly pay-roll period ending on the 10th and 25th days of the month. The wages earned during such periods are customarily paid on the 15th and 30th days of the month, respectively. The wages earned during the semi-monthly period ending on January 10, 1943 and paid on January 15, 1943 are subject to withholding when paid.

Example (2). Employer Y has a weekly pay-roll period based on the calendar week and the wages earned during each calendar week are customarily paid on Wednesday of the succeeding week. The wages earned during the week ending January 2, 1943 and paid on Wednesday, January 6, 1943, are subject to withholding when paid.

Wages are constructively paid within the meaning of this section when they are credited to the account of or set apart for an employee so that they may be drawn upon by him at any time although not then actually reduced to possession. To constitute payment in such a case, the wages must be credited or set apart to the employee without any substantial limitation or restriction as to the time or manner of payment or condition upon which payment is to be made, and must be made available to him so that they may be drawn upon at any time, and their payment brought within his control and disposition.

(b) **Wages includible in gross income.** Under the provisions of section 466, wages are subject to withholding only if and to the extent includible in gross income. The term "includible in gross income" as it relates to wages from which the tax is required to be deducted and withheld refers only to the taxability of the income. Thus, if an item of wages constitutes gross income under the provisions of section 22, it is includible in gross income within the meaning of this section and is subject to withholding. The fact that such wages may be includible in gross income for a taxable year other than that in which paid is immaterial. For instance, in the case of a taxpayer on the accrual basis, wages actually or constructively paid in 1944 but includible in the recipient's gross income for 1943 are subject to withholding in 1944. Likewise, the fact that wages may be includible in the gross income of a taxpayer other than the wage earner is immaterial. For instance, a part of the wages earned by a taxpayer domiciled in a community property