

GENERAL INSTRUCTIONS

Title VIII of the Federal Social Security Act imposes a tax of 1 percent upon wages paid by employers and an additional tax of 1 percent upon wages received by employees.

Wages that are taxable.—All wages PAID to employees, with certain exceptions, are taxable. The term "wages" includes not only money but the fair value of any other thing received by an employee from the employer in payment for work done, such as food, lodging, clothing, or merchandise.

Only the first \$3,000 of the wages paid (by each employer if more than one) to one employee for services rendered in any one year is subject to the tax.

The wages paid for services performed by persons over 65 years old are not subject to the tax.

The wages paid for domestic service in private homes and for agricultural labor are not subject to the tax.

Collection of taxes.—The employer must deduct the amount of the employees' tax when he pays them their wages, and if he does not do this, he is himself liable for the employees' tax. He must pay over the amount of the employees' tax, together with his own tax, to the U. S. Collector of Internal Revenue once each 3 months.

Quarterly tax returns.—For the payment of taxes under Title VIII of the Social Security Act, the year is divided into 4 periods or quarters of 3 months each, as follows: First quarter—January, February, and March; second quarter—April, May, and June; third quarter—July, August, and September; fourth quarter—October, November, and December.

Every employer must make a return for each quarter on this form and mail or deliver it to the office of the U. S.

Collector of Internal Revenue. The return must be accompanied by a remittance of the amount of taxes due, including both the employer's tax and the employees' tax.

The return for the first quarter must reach the Collector's office not later than April 30; for the second quarter, not later than July 31; for the third quarter, not later than October 31; and for the fourth quarter, not later than January 31.

Final return.—Any person who ceases to be an employer must file a final return on this form. He should write the words "final return," at the top of the return and mail or deliver it, accompanied by a remittance of the taxes due, to the Collector so as to reach his office on or before the 30th day after the date on which the employer makes the last payment of taxable wages.

Records.—Every employer must keep at his place of business sufficient records to enable him to fill in the return accurately for each employee, and to enable the Collector to verify the amount of taxes due under the Social Security Act. Such records must be retained for a period of 4 years from the date when the taxes were paid, and must at all times be open for inspection by Internal Revenue officers.

Penalties and interest.—The law imposes the following penalties: For failure to file on time, 5 to 25 percent of tax; for failure to pay on time, interest at 6 percent per year; for failure to pay within 10 days after demand, 5 percent penalty and 6 percent interest. Penalties are also imposed by law for willful failure to collect, account for or pay tax, keep records, or file returns, and for making false or fraudulent returns.

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HOW TO FILL OUT THE RETURN

The blank return is furnished in duplicate. The original is for the U. S. Collector of Internal Revenue; the duplicate is to be retained by the taxpayer. It is suggested that the duplicate return should be filled in first. When this is completed and the taxpayer is satisfied that it is correct, the entries should be copied upon the original.

Schedule A—Employer's Report of Taxable Wages Paid to Each Employee

Schedule A should be completely filled in before any entries are made in the employer's tax return. The names and account numbers of all employees to whom taxable wages were paid during the quarter, and the amount of taxable wages paid each one will be shown in this schedule.

The item numbers which follow correspond with the numbers which appear on the face of the return:

Item 13. Employer's name, address, and identification number.—Enter the employer's name, business address, and identification number (as assigned by the Social Security Board), unless shown on the form when received from the Collector. If already shown, make any changes necessary to show correct name, address, or identification number.

Item 14. Date quarter ended.—Unless already shown on the form when received from the Collector, enter in this space the last day of the 3-month period covered by the return, as March 31, 1938; June 30, 1938; September 30, 1938; or December 31, 1938. This may be written as 3-31-38, etc.

Item 15. Number of taxable employees.—Enter either number of taxable employees in your employ on last working day of quarter or number on pay roll during last pay period of quarter, as may be more convenient.

Item 16. Continuation sheets.—In case the space in Schedule A on this form is insufficient to permit the listing of all employees to whom taxable wages were paid during the quarter, continuation sheets (Form SS-1b), a supply of which may be obtained from the Collector upon request, will be used. Enter in Item 16 the total number of pages comprising the return, including the continuation sheets attached.

Item 17. Employee's Social Security account number.—Enter in this column the account number assigned to each employee by the Social Security Board. In case an employee's account number is unknown, the word "unknown" should be written in this column instead of the account number, and a statement should be attached to the original return giving as much of the following information as possible: The employee's full name, sex and color, date and place of birth, his present or last known address, and the full names of both parents. (Employers having a supply of the necessary blank forms should in any such case attach to the original return, in lieu of this statement, a Form SS-5 filled out and signed by the employee, if possible. If this is not possible, the employer should complete the form to the best of his information and belief, and sign it himself, inserting the word "employer" as a part of his signature. Blank Forms SS-5 may be secured from the Collector or from any Social Security Field Office upon request.)

Item 18. Name of employee.—Enter in this column the name of each employee to whom taxable wages were paid during the quarter. If practicable, the name should be written exactly as it appears on the employee's account-number card issued to him by the Social Security Board. In case the last name or any initial is known by the employer to be different from that shown on the account-number card, enter in the first return on which the employee's name is reported the name as shown in the employer's records followed by the name shown in the account-number card. In subsequent returns, enter only the name as shown in the employer's records.

Item 19. Taxable wages paid.—Enter in this column the total of taxable wages paid to each employee during the quarter.

Item 20. Separation date.—Enter in this column for each employee who received taxable wages during the quarter, but who was not in your employ at the end of the quarter, the month and day upon which such employee left your service. For example, in the case of an employee leaving your service on March 22, write 3-22.

Item 21. State.—In case of an employee working outside the State of the employer's principal place of business, enter the name of the State where employed.

Item 22. Total taxable wages.—Enter in this space the total of the amounts shown in the column headed "Taxable Wages Paid, under Title VIII of Federal Social Security Act." (Item 19.)

Employer's Tax Return

After completing Schedule A, the employer should fill out the tax return as follows:

Item 1. Number of taxable employees.—Enter the number as reported in Item 15, Schedule A.

Item 2. Total taxable wages paid.—Enter the amount as reported in Item 22, Schedule A.

Item 3. Employer's tax.—Enter 1 percent of Item 2.

Item 4. Credit or adjustment.—This space is to be used only for the correction of underpayments or overpayments of the employer's tax as reported in a prior return. If the correction relates to a prior underpayment, the amount of the underpayment will be added to the amount entered in Item 3 in computing the total tax to be entered in Item 5. If the correction relates to a prior overpayment, the amount of the overpayment will be deducted from the amount entered in Item 3. If there are both an addition and a deduction to be reported, only the difference between the two will be entered in Item 4. Any amount entered in Item 4 must be explained by a statement, in duplicate, attached to the original return setting forth the reasons for, and the complete details of, each correction made in the employer's tax. (See note under Item 7, below.)

Item 5. Total employer's tax.—Enter the total employer's tax due with this return. If no credit or adjustment is entered in Item 4, this entry will be the same as Item 3.

Item 6. Employees' tax.—Enter 1 percent of Item 2.

Item 7. Credit or adjustment.—This space is to be used for the correction of any underpayments or overpayments of the employees' tax as reported on a prior return and for adjustments in the current period by reason of fractions of cents added or dropped in computing the tax liability of the individual employees. If the correction relates to a prior underpayment, the amount of the underpayment will be added to the amount in Item 6 in computing the total tax to be entered in Item 8. If the correction relates to a prior overpayment, the amount of the overpayment will be deducted. If there are both an addition and a deduction to be reported, only the difference between the two will be entered in Item 7. Any amount entered in Item 7 must be explained by a statement, in duplicate, attached to the original return, setting forth the reasons for, and the complete details of, each correction made in the employees' tax, and showing the names and account numbers of the employees affected, the amount of the overpayment or underpayment with respect to each such employee, and the particular return or returns to which the overpayment or underpayment relates.

If there is a difference between the amount of the employees' tax as entered in Item 6 and the total of the amounts actually deducted from the wages of the employees, due to fractions of cents added or dropped in computing the tax liability of the individual employees, this difference should be reported in Item 7 as a deduction or an addition, as the case may be. If such a difference is the only entry to be made in Item 7, no statement explaining this item need be attached to the return, but the taxpayer should insert the words "fractions of cents" on the face of the return in the space following the entry in Item 7.

NOTE.—The explanations required in connection with entries in Items 4 and 7 may, if desired, be combined in the same statement, in duplicate, to be attached to the original return.

Item 8. Total employees' tax.—Enter the total employees' tax due with this return. If no credit or adjustment is entered in Item 7, this entry will be the same as Item 6.

Item 9. Total tax.—Enter the total of Items 5 and 8. This is the amount which should be paid to the Collector of Internal Revenue.

Item 10. Employer's name, address, and identification number.—Enter employer's name, business address, and identification number (as assigned by the Social Security Board), unless shown on this form when received from the Collector. If already shown, make any changes necessary to show correct name, address, or identification number.

Item 11. Signature and oath.—Each return must be signed (1) by the individual, if the employer is an individual; (2) by a principal officer, if the employer is a corporation; or (3) by a partner, member, or principal officer, if the employer is a partnership or other unincorporated organization. If the tax due is more than \$10, the return must be acknowledged before an officer authorized to administer oaths. If the tax due is \$10 or less, the return may be signed before two witnesses instead of under oath.

Item 12. Date quarter ended.—Unless already shown on the form when received from the Collector, enter in this space the last day of the 3-month period covered by the return, as March 31, 1938; June 30, 1938; September 30, 1938; or December 31, 1938. This may be written as 3-31-38, etc.