

[4830-01-u]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 31

[TD 8822]

RIN 1545-AW28

Federal Employment Tax Deposits-De Minimis Rule

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the deposit of Federal employment taxes. The final regulations adopt the rules of temporary regulations that change the de minimis deposit rule for quarterly and annual return periods from \$500 to \$1,000. The regulations affect taxpayers required to make deposits of Federal employment taxes.

DATES: Effective date: These regulations are effective June 17, 1999.

Applicability date: For dates of applicability, see §31.6302-1(f)(4).

FOR FURTHER INFORMATION CONTACT: Vincent Surabian, (202) 622-4940 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to 26 CFR part 31, Employment Taxes and Collection of Income Tax at Source. On June 16, 1998, temporary and final regulations (TD 8771) relating to the deposit of Federal employment taxes under section 6302 of the

Internal Revenue Code were published in the **Federal Register** (63 FR 32735). A notice of proposed rulemaking (REG-110403-98) cross-referencing the temporary regulations was published in the **Federal Register** for the same day (63 FR 32774). No comments were received from the public in response to the notice of proposed rulemaking.

Explanation of Provisions

These final regulations adopt the rules of the temporary regulations. Under these rules, a taxpayer that has accumulated Federal employment taxes of less than \$1,000 for a return period (quarterly or annual, as the case may be) does not have to make deposits but may remit its full liability with a timely filed return for the return period. The regulations are effective with respect to quarterly return periods beginning on or after July 1, 1998, and annual return periods beginning on or after January 1, 1999.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because these regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking

preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Vincent Surabian, Office of Assistant Chief Counsel (Income Tax & Accounting). However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 31

Employment taxes, Income taxes, Penalties, Pensions, Railroad retirement, Reporting and recordkeeping requirements, Social security, Unemployment compensation.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 31 is amended as follows:

PART 31--EMPLOYMENT TAXES AND COLLECTION OF INCOME TAX AT SOURCE

Paragraph 1. The authority citation for part 31 is amended by removing the entry for Section 31.6302-1T to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. In §31.6302-1, paragraph (f)(4) is revised to read as follows:

§31.6302-1 Federal tax deposit rules for withheld income taxes and taxes under the Federal Insurance Contributions Act (FICA) attributable to payments made after December 31, 1992.

* * * * *

(f) * * *

(4) De Minimis rule. For quarterly return periods beginning on or after July 1, 1998, and annual return periods beginning on or after January 1, 1999, if the total amount of accumulated employment taxes for the return period is less than \$1,000 and the amount is fully deposited or remitted with a timely filed return for the return period, the amount deposited or remitted will be deemed to have been timely deposited.

* * * * *

§ 31.6302-1T [Removed]

Par. 3. Section 31.6302-1T is removed.

Deputy Commissioner of Internal Revenue

Approved:

Assistant Secretary of the Treasury