wages, for such payroll periods. The remain-
der, if any shall constitute the amount of the
tax to be withheld upon the supplemental wage-
Example. An employee has a weekly payroll
period ending on Saturday of each week, the
wages for which are paid on Friday of the
succeeding week. On the 10th day of each
month he is paid a bonus based upon produc-
tion during the payroll periods for which
wages were paid in the preceding month. The
employee is paid a weekly wage of $64 on
each of the five Fridays occurring in July
1966. On August 10, 1966, the employee is paid
a bonus of $125 based upon production during
the five payroll periods covered by the wages
paid in July. On the date of payment of the
bonus, the employee, who is married and has
three children, has a withholding exemption
certificate in effect indicating that he is
married and claiming five withholding ex-
ceptions. The amount of the tax to be with-
held from the bonus paid on August 10, 1966,
is computed as follows:

| Wages paid in July 1966 for 5 payroll periods (5 x $64) | $320.00 |
| Bonus paid August 10, 1966                                | 125.00  |
| Aggregate of wages and bonus                              | 445.00  |
| Average wage per payroll period ($445 - 5)                | 89.00   |
| Computation of tax under percentage method:              |
| Withholding exemptions (5 x $13.50)                        | 67.50   |
| Remainder subject to tax                                   | 21.50   |
| Tax on average wage for 1 week under percentage method   | 2.45    |
| of withholding (married person with weekly payroll period)|        |
| 14 percent of $17.50 (excess over $4)                     |        |
| Tax on average wage for 5 weeks                           | 12.25   |
| Less: Tax previously withheld on weekly wage payments of | None    |
| $64                                                        |
| Tax to be withheld on supplemental wages                  | 12.25   |
| Computation of tax under wage bracket method:             |
| Tax on $89 wage under weekly wage table for               |
| married person ($2.50 per week for 5 weeks)               | 12.50   |
| Less: Tax previously withheld on weekly wage payments of | None    |
| $64                                                        |
| Tax to be withheld on supplemental wages                  | 12.50   |

(2) Applicability. The rules prescribed in this
paragraph (b) shall, at the election of the
employer, be applied in lieu of the rules prescribed in paragraph (a) of
this section except that this paragraph shall not be applicable in any
case in which the payroll period of the employee is less than one week or to
the extent that paragraph (a)(2) of this section applies to the supplemental wage
payment.

(c) Vacation allowances. Amounts of so-called “vacation allowances” shall
be subject to withholding as though they were regular wage payments made
for the period covered by the vacation.

If the vacation allowance is paid in addi-
tion to the regular wage payment for such period, the rules applicable with
respect to supplemental wage payments shall apply to such vacation al-
lowance.

§ 31.3402(g)-3 Wages paid for payroll
period of more than one year.

If wages are paid to an employee for
a payroll period of more than one year,
for the purpose of determining the amount of tax required to be deducted
and withheld in respect of such wages—
(a) Under the percentage method, the
amount of the tax shall be determined as if such payroll period constituted an
annual payroll period, and
(b) Under the wage bracket method,
the amount of the tax shall be deter-
m"ined as if such payroll period con-
stituted a miscellaneous payroll period of 365 days.

§ 31.3402(g)-3 Wages paid through an
agent, fiduciary, or other person on
behalf of two or more employers.

(a) If a payment of wages is made to
an employee by an employer through
an agent, fiduciary, or other person
who also has the control, receipt, cus-
tody, or disposal of, or pays the wages
payable by another employer to such
employee, the amount of the tax re-
quired to be withheld on each wage
amount had been paid by one employer.
Hence, under either the percentage
method or the wage bracket method the
tax shall be determined upon the
aggregate amount of the wage pay-
ment made through such agent, fid-
uciary, or person shall, whether the
wages are paid separately on behalf of
each employer or paid in a lump sum
on behalf of all such employers, be de-
termined upon the aggregate amount
of such wage payment or payments in
the same manner as if such aggregate
amount had been paid by one employer.
Hence, under either the percentage
method or the wage bracket method
the tax shall be determined upon the
aggregate amount of the wage pay-
ment.
(b) In any such case, each employer
shall be liable for the return and pay-
ment of a pro rata portion of the tax so