

Social Security Contribution and Benefit Base for 1999

Under authority contained in the Social Security Act (“the Act”), the Commissioner, Social Security Administration, has determined and announced (63 F.R. 58446, dated October 30, 1998) that the contribution and benefit base for remuneration paid in 1998, and self-employment income earned in taxable years beginning in 1999 is \$72,600.

“Old-Law” Contribution and Benefit Base

General. The 1999 “old-law” contribution and benefit base is \$53,700. This is the base that would have been effective under the Act without the enactment of the 1977 amendments. The base is computed under section 230(b) of the Act as it read prior to the 1977 amendments.

The “old-law” contribution and benefit base is used by:

(a) the Railroad Retirement program to determine certain tax liabilities and tier II benefits payable under that program to supplement the tier I payments which correspond to basic Social Security benefits,

(b) the Pension Benefit Guaranty Corporation to determine the maximum amount of pension guaranteed under the Employee Retirement Income Security Act (as stated in section 230(d) of the Social Security Act),

(c) Social Security to determine a year of coverage in computing the special minimum benefit, as described earlier, and

(d) Social Security to determine a year of coverage (acquired whenever earnings equal or exceed 25 percent of the “old-law” base for this purpose only) in computing benefits for persons who are also eligible to receive pensions based on employment not covered under section 210 of the Act.

Domestic Employee Coverage Threshold

General. Section 2 of the “Social Security Domestic Employment Reform Act of 1994” (Pub. L. 103–387) increased the threshold for coverage of a domestic employee’s wages paid per employer from \$50 per calendar quarter to \$1,000 in calendar year 1994. The statute holds the coverage threshold at the \$1,000 level for 1995 and then increases the threshold in

\$100 increments for years after 1995. The formula for increasing the threshold is provided in section 3121(x) of the Internal Revenue Code.

Computation. Under the formula, the domestic employee coverage threshold amount for 1999 shall be equal to the 1995 amount of \$1,000 multiplied by the ratio of the national average wage index for 1997 to that for 1993. If the amount so determined is not a multiple of \$100, it shall be rounded to the next lower multiple of \$100.

Domestic Employee Coverage Threshold Amount. The ratio of the national average wage index for 1997, \$27,426.00, compared to that for 1993, \$23,132.67, is 1.1855960. Multiplying the 1995 domestic employee coverage threshold amount of \$1,000 by the ratio of 1.1855960 produces the amount of \$1,185.60, which must then be rounded to \$1,100. Accordingly, the domestic employee coverage threshold amount is determined to be \$1,100 for 1999.

(Filed by the Office of the Federal Register on October 29, 1998, 8:45 a.m., and published in the issue of the Federal Register for October 30, 1998, 63 F.R. 58446)