

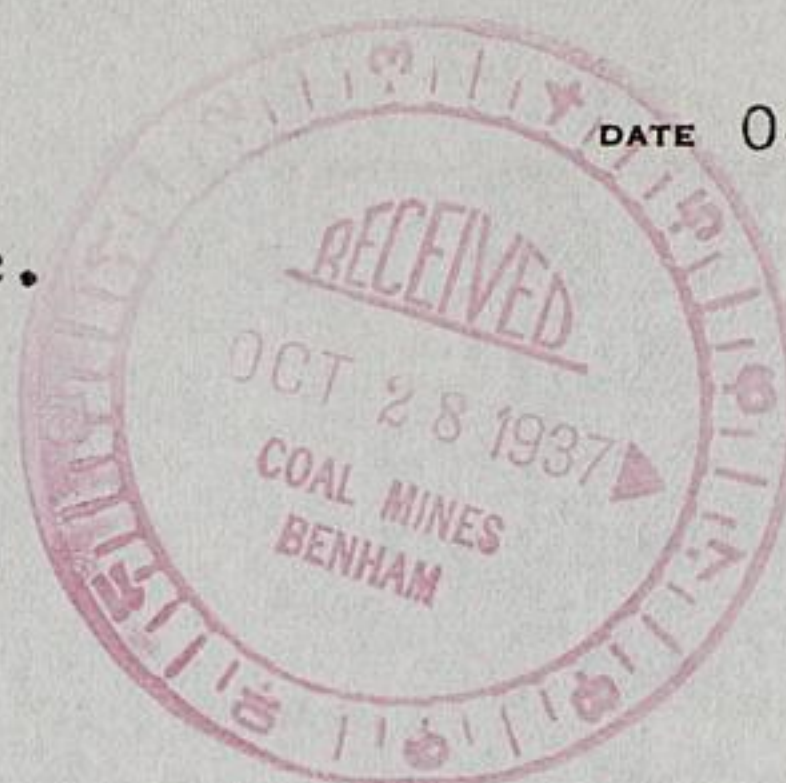
WISCONSIN STEEL COMPANY

FOR Mr. J. C. Ballard, Auditor

DATE October 26, 1937

DEPARTMENT
OR WORKS Wisconsin Steel Company, Inc.
Benham, Kentucky

YOUR LETTER

SUBJECT
OR FILE NO.SOCIAL SECURITY TAXES -
1937 EXTRA COMPENSATION

Dear Sir:

The total amount of 1937 Extra Compensation payable to employees, whether left on deposit or taken in cash, must be considered as October 1937 wages and as such it is subject to Social Security taxes and Federal and State income taxes.

You have already been instructed as to the accounting for 1937 Extra Compensation, and this letter will be confined to instructions governing the reporting for Social Security taxes in connection therewith.

In our letter of October 20, 1937 we requested and outlined special statements for reporting "Extra Credits - 1936 Extra Compensation" for Social Security tax purposes. You will also be required to prepare similar statements for 1937 Extra Compensation.

You are already familiar with statements of this kind, and instead of repeating instructions given in our letter of October 20, 1937 mentioned above, we shall enumerate the changes which will be necessary to adapt the models given in that letter to meet the requirements for reporting 1937 Extra Compensation.

1. Change the heading of both statements to show that they relate to 1937 Extra Compensation.
2. Change the word "credits" in the various deduction items to read "Amounts Payable."
3. Deduction No. 2, "Credits to Pensioners" will be omitted from both statements for 1937 Extra Compensation. If a payment is made to a pensioner who retired at age 65, his payment will of course be excluded on the Federal Old Age Benefit statement because of his having attained that age, but payment to such an employee is taxable under Unemployment Insurance laws, regardless of his age. Also, payments made to pensioners who have not yet attained age 65 at October 31, 1937 are taxable for both purposes.