



OFFICE OF  
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224  
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CC:TEGE:EOEG:ET2:Suetterlein  
GENIN-147993-01  
UIL- 3121.01-00




Dear 

Reference: Local Government Defining Gross Wages

This responds to your letter dated September 5, 2001, requesting information regarding whether it is legal for a local government to collect an occupational tax on the totals of boxes 5 and 37 from a Form W-2.

The Internal Revenue Code does not prohibit local governments from defining wages for local tax purposes. The issue of defining wages is decided by the local tax jurisdictions subject to any state prohibitions.

This letter provides general information only. It describes well-established interpretations and principles of tax law without applying them to a specific set of facts. It is advisory only and has no binding effect with the Internal Revenue Service. This letter is intended only to provide you with general guidance for determining how to comply with applicable law.

The attorney assigned to this matter is .  
He can be reached at (202) 622-6040.

Sincerely,

Jerry E. Holmes  
Chief, Employment Tax Branch 2  
Office of the Assistant Chief Counsel  
(Exempt Organizations/Employment Tax/  
Government Entities)