Hot Topics for Tennessee cities and towns

July 20, 2001 #68

New Withholding Tables for 2001

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PUBLICATION 15-T

Have you received your Publication 15-T from the IRS containing the new income tax withholding tables? This supplement to Publication 15 and Publication 15-A was mailed a few days ago, and a copy should be in your payroll office already. These new tables will be effective for wages paid after June 30, 2001, and they may reduce the amount of income tax withheld from employee wages. The changes in the tables are the result of the Economic Growth and Tax Relief Reconciliation Act of 2001.

NOTICE TO EMPLOYEES

On Page 63 of the publication, you will find the "Notice to Employees" which should be made available to employees to make them aware of the new tax withholding applications. A copy of Form W-4, Employee's Withholding Allowance Certificate, is on Page 62. This form has not been revised.

SUPPLEMENTAL WAGES AND BACKUP WITHHOLDING

Other changes in the tax publication include revised rates for supplement wages and backup withholding. The flat withholding rate for supplemental wages paid after Aug. 6, 2001, or as soon as possible thereafter, will decrease to 27.5 percent. The rate for backup withholding will also decrease to 30.5 percent for all payments after August 6, 2001, or as soon as possible thereafter.

As with other IRS forms and publications, the Pub 15-T is available on the IRS web site at http://ftp.fedworld.gov/pub/irs-pdf/p15t.pdf.

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