

WITHHOLDING TAX UPDATE

2001-1

DECEMBER 2001

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CURRENT WITHHOLDING TAX RATES TO APPLY FOR 2002

The current withholding tax rates will continue for 2002. The current rates are found in the "Wisconsin Employer's Withholding Tax Guide", Publication W-166 for payroll periods beginning on or after July 1, 2000. A copy is available on the department's web site at www.dor.state.wi.us or by contacting the department at (608) 266-2776.

ELECTRONIC FUNDS TRANSFER REQUIRED FOR SOME TAXPAYERS

The department is continuing notification to taxpayers who make large tax deposits that they must register for electronic funds transfer (EFT). The EFT payment method is also available on a voluntary basis for employers not required to register. To receive EFT information, send your request to: Forms Request Office, PO BOX 8903, Madison, WI 53708-8903 or call (608) 264-9918 for information.

MAILING DATES FOR COUPON BOOKLETS

The Withholding Tax Deposit Coupon Booklets for the year 2002 will be mailed early in 2002. Semi-monthly filers should receive their booklet by January 25th. Monthly and quarterly filers should receive their booklet by February 8th. If these dates have passed and you have not received your coupon booklet, please call the department at (608) 266-2776 to request a replacement. Please refrain from contacting our office prior to those dates. Please retain your 2001 coupon booklet until you receive your new one. There are two blank coupons that can be used if you do not receive your year 2002 booklet in time to make the first deposit. NOTE: Employers using EFT or certain payroll services will not receive a coupon booklet for 2002.

WISCONSIN NEW HIRE PROGRAM HELPS ALL OF US

New Hire is a national program required by both state and federal law and is designed to locate non-custodial parents with child support obligations. This is where you as an employer come in. By reporting newly hired employees through the New Hire program, you aid in locating parents who owe child support and help much needed child support reach the people to whom it's owed. This child support money helps keep families off assistance and it helps custodial parents provide for a better life for their children. It also helps reduce the tax burden for all of us.

All employers with a FEIN (Federal Employer Identification Number) must report **all** newly hired employees within 20 days after the date the employee starts working for them. A newly hired employee is someone who has never worked for you before or who is rehired after an unpaid absence of more than 90 days.

The Department of Workforce Development's Unemployment Insurance Division is currently developing a system to match New Hire reports with quarterly wage reports to determine which employers are not complying with the New Hire reporting requirements. Employers who fail to comply with these reporting requirements may be assessed penalties.

It's easy to file New Hire reports. The easiest and most cost-effective way to report is via the Internet. To begin reporting, visit the New Hire web site at www.dwd.state.wi.us/ui and follow the link to New Hire Reporting.

If you would like more information, call the New Hire Processing Center toll free at 1-888-300-4473.

WORKING FAMILIES TAX CREDIT CERTIFICATES MUST BE RENEWED

Employers that have employees who have given them a Certificate of Exemption from Wisconsin Withholding for 2001 because of the Working Families Tax Credit (Form WT-4B) should note that the certificates expire on December 31, 2001. To be exempt from withholding tax in the year 2002, employees must file a new certificate with their employer. To obtain a supply of this exemption certificate, call (608) 266-1961.

ARE YOU REPORTING EMPLOYEE'S WITHHOLDING IN THE PROPER PERIOD?

Withholding tax liability is based on when wages are paid to employees and not when wages are earned. Use the date the employee is paid to determine the correct reporting period. For example, if wages are earned between January 1 and January 15 but not paid until February 15, the withholding liability should be reported on the February WT-6 coupon.

DID YOU KNOW?

EFT Filers

- You must make an EFT transaction even if there is no tax due for a reporting period. Follow the instructions provided for your method of EFT filing.
- You do not need to continue filing Form WT-6 Withholding Tax Deposit Report if you are using the EFT method for reporting withholding tax.
- Wisconsin has a \$30.00 late filing fee for late filed EFT transactions and late filed Form WT-7's. The \$30.00 late filing fee is assessed on all EFT transactions or WT-7's received late whether there is a tax due or not.
- To speed processing of your WT-7, all W-2 forms and other information returns should be trimmed to their original size.

WT-6 Filers

- Employers making an address change after December 1, 2001 may not receive their year 2002 WT-6 coupon booklets. Contact us immediately if you have a change in address.
- You must file a Form WT-6 Withholding Tax Deposit Report even if there is no tax due for a reporting period.
- Wisconsin has a \$30.00 late filing fee for form WT-6 and WT-7. The \$30.00 late filing fee is assessed on all returns received late whether there is a tax due or not.
- Including correspondence with or making extra notations on your WT-6 coupon significantly slows processing time of your deposit report and increases the cost to process your WT-6 deposit report. Use the pink Information Correction Form in your WT-6 coupon booklet to notify the department of changes or send correspondence to: Wisconsin Department of Revenue, PO BOX 8902, Madison WI 53708-8902.
- To speed processing of your WT-7, all W-2 forms and other information returns should be trimmed to their original size.

WHERE TO DIRECT QUESTIONS

General Withholding Questions (608) 266-2776
Wisconsin Department of Revenue
PO BOX 8902
Madison WI 53708-8902
sales10@dor.state.wi.us

Magnetic Media Only (608) 267-3327
Wisconsin Department of Revenue
PO BOX 8903
Madison WI 53708-8903

Electronic Funds Transfer (608) 264-9918
Wisconsin Department of Revenue
PO BOX 8977
Madison WI 53708-8977

TDD (608) 267-1049