

WITHHOLDING TAX UPDATE

2002-1

DECEMBER 2002

Fax (608) 267-1030 • E-Mail: Sales10@dor.state.wi.us • www.dor.state.wi.us

CURRENT WITHHOLDING TAX RATES TO APPLY FOR 2003

The current withholding tax rates will continue for 2003. 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) 261-6229.

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 2003 will be mailed early in 2003. Semi-monthly filers should receive their booklet by January 24th. Monthly and quarterly filers should receive their booklet by February 7th. 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 2002 coupon booklet until you receive your new one. There are two blank coupons that can be used if you do not receive your year 2003 booklet in time to make the first deposit. NOTE: Employers using EFT or certain payroll services will not receive a coupon booklet for 2003.

MAKE YOUR W-2 FORMS SCANNER FRIENDLY

To provide fast and accurate income tax processing the Department of Revenue uses scanner technology to capture W-2 information. The Department of Revenue is requesting that employers NOT use carbon copied W-2 forms including NCR. Carbon and NCR copied W-2 forms do not scan well.

The preferred format for a W-2 is the IRS approved format visible on the IRS web page: www.irs.gov. The IRS format is 8.5" by 5.5 inches and can easily be imaged by production scanners. All information on the W-2 should be printed as large as possible within each space allotment and should not be printed over preprinted information on the form. Always complete the form using black ink. If you have questions call (608) 261-6223.

DWD NEW HIRE REPORTING REMINDER

Please remember: All newly hired employees and all employees returning to work after an unpaid absence of 90 days or more must be reported to the Department of Workforce Development within 20 days of starting work.

Convenient Reporting Options

Internet Reporting:

- <http://www.dwd.state.wi.us/uih>
 - Secure and Password Protected
 - Key individual reports or send an entire file
 - Choose to receive an e-mail confirmation
- History of all reports filed on the Internet within the most recent 90 days

Diskettes or Magnetic Tape:

- Electronic File format available at:
<http://www.dwd.state.wi.us/uih/formats.htm>
- Or call toll free 1-888-300-4473

Paper:

- Toll Free Fax 1-800-277-8075
- Download a copy of the WT-4 at:
<http://www.dor.state.wi.us/html/taxwith.html>

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

INTEGRATED TAX SYSTEM (ITS)

In November 2002, the Department of Revenue will complete the second phase of a multi-phase Integrated Tax System (ITS) project. The initial version of ITS software will assign unique tax account numbers that will eventually be used across all tax types including withholding. Complete withholding tax processing functionality is anticipated by 2005.

Withholding tax registrants will be issued a 15-digit tax account number in addition to their Wisconsin Employer Identification Number (WEIN). Until complete withholding tax processing functionality is available, the tax account number will only be used as an account registration and access number. You will see your new tax account number only on your registration certificate.

Refer to your WEIN when making bill payments, payments with WT-6 coupons or when corresponding with the department.

Use either your tax account number or WEIN when making inquiries about your account by phone, fax or e-mail.

WORKING FAMILIES TAX CREDIT CERTIFICATES MUST BE RENEWED

Employers that have employees who have given them a Certificate of Exemption from Wisconsin Withholding for 2002 because of the Working Families Tax Credit (Form WT-4B) should note that the certificates expire on December 31, 2002. To be exempt from withholding tax in the year 2003, employees must file a new certificate with their employer. To obtain a supply of this exemption certificate, call (608) 266-1961.

INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER (ITIN)

An ITIN is a tax processing number issued by the IRS for certain nonresident and resident aliens, their spouses, and dependents. The ITIN is only available to individuals who are ineligible to obtain a social security number. The purpose of the ITIN's was to promote the filing of federal income tax returns by undocumented aliens.

A major problem resulting from the use of ITINs is the effect it has on individuals whose social security numbers are being used by undocumented aliens and their employers. A person who uses a social security number belonging to another individual can face criminal charges under Wisconsin law. This is commonly referred to as Identity Theft as set forth in Section 943.201, Wis. Stats.

Employers who furnish wage statements that contain false or fraudulent information, including fictitious names or social security numbers, can be charged with a crime under Section 71.83(2)(a)1, Wis. Stats. Tax preparers who knowingly utilize falsified wage statements in the preparation of income tax returns face criminal penalties under Section 71.83(2)(a)2, Wis. Stats.

EFT FILERS DID YOU KNOW?

- You must submit an EFT withholding report for your assigned reporting period, even if there is no tax due for that period. Follow the instructions that were provided for your method of EFT reporting, to report "zero."
- There is a \$30.00 late filing fee for all late filed EFT withholding reports. This late fee will be charged even if a report is a "zero" for that period.
- You no longer need to continue filing paper form WT-6 (from your coupon book) once you begin to report your withholding tax by EFT. Your EFT report (and payment when a payment is due) replaces the paper WT-6 coupon completely.
- Withholding bills for late fees, penalties or interest cannot be paid by EFT at this time. Payments for these items must be made with a paper check.
- EFT filers no longer receive WT-6 coupon books for making withholding reports. If you have a name or address changes, discontinue your business, or have any other changes to report, you may contact the department in any of these ways:

1. Call: (608) 266-2776

2. E-mail: sales10@dor.state.wi.us, or

3. Write to:

Wisconsin Department of Revenue
Taxpayer Registration, Mail Stop 5-77
PO Box 8902
Madison WI 53708-8902

- A paper annual reconciliation (Form WT-7) will be mailed to EFT filers at the end of a calendar year, and must be mailed back by January 31 of the following year, or there will be a \$30.00 late fee. This paper WT-7 is not an electronic form at this time and must be completed and returned, along with any appropriate W-2 information.

WT-6 FILERS DID YOU KNOW?

- Employers making an address change after December 1, 2002 may not receive their year 2003 WT-6 coupon booklet. Contact us immediately if you have a change in address.
- Your filing status may change for the new year. Filing frequency change letters are sent in December. Verify your filing frequency as soon as you receive your withholding tax deposit coupon booklet.
- 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.

WHERE TO DIRECT QUESTIONS

General Withholding Questions (608) 266-2776

Wisconsin Department of Revenue
Mail Stop 5-77
PO Box 8902
Madison WI 53708-8902
sales10@dor.state.wi.us

Mail **magnetically filed forms**, transmittal letters, and Form WT-7s; requests for magnetic media specifications; and copies of IRS approvals for participation in the Combined Federal/State Filing Program to:

Wisconsin Department of Revenue
Data Center Magnetic Media Coordinator
PO Box 8903
Madison WI 53708-8903

Electronic Funds Transfer (608) 264-9918

Wisconsin Department of Revenue
Mail Stop 3-14
PO Box 8977
Madison WI 53708-8977

TDD (608) 267-1049