

WITHHOLDING TAX UPDATE

2004-1

DECEMBER 2004

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

ANNUAL RECONCILIATION OF WISCONSIN INCOME TAX WITHHELD FROM WAGES FOR 2004

All employers holding an active Wisconsin Employer Identification Number (WEIN) will be mailed a pre-printed Employers Annual Reconciliation of Wisconsin Income Tax Withheld from Wages, Form WT-7 during the month of December. The Form WT-7 for 2004 is due January 31, 2005. If you do not receive your pre-printed Form WT-7, you may use the electronic fill-in form available on our website at: www.dor.state.wi.us or try our new electronic filing option for Form WT-7 available at the same web address. It is important to use either the pre-printed Form WT-7, the electronic fill-in form or the new electronic filing option since the Department of Revenue is now using electronic processing for Form WT-7. Please remember to use your six digit Wisconsin Employer Identification Number on all W-2 forms. Do not use the new 15 digit ITS number.

REMINDER

Employers and preparers must continue to use the Wisconsin Employer Identification Number for withholding tax reports and payments. Please do not use the 15 digit Integrated Tax System number.

Please use the WEIN or filing number on all W-2 forms. The WEIN or filing number is six digits long with an additional check digit. Using the 15 digit ITS Tax Account Number on Employee W-2 forms will make it impossible for employees to file their income tax electronically.

REGISTER FOR PERMITS ON-LINE

Customers are now able to register for Wisconsin seller's permits, Wisconsin Employer Identification numbers or use tax certificates using the internet instead of filling out a paper application. By using the on-line registration process, customers will receive the permit or certificate within five to seven days. The \$20 BTR fee will still apply. For more information about On-Line Registration, visit our website at: www.dor.state.wi.us.

ELECTRONIC FUNDS TRANSFER

The department is continuing notification to taxpayers who make large tax deposits that they have been mandated to pay by electronic funds transfer (EFT). The EFT method is also available on a voluntary basis for employers not mandated to pay electronically. EFT is a safe and efficient process for making tax and unemployment insurance payments. All transactions are governed by strict, nationally established security procedures and occur between financial institutions

only at your request. The payment options available are the Automated Clearing House (ACH) Debit and ACH credit. To receive EFT registration information, send your request to Wisconsin Department of Revenue, PO Box 8949, Madison, WI 53708-8949 or call (608) 266-2776 for information.

MAILING DATES FOR COUPON BOOKLETS

The Withholding Tax Deposit Coupon Booklets for the year 2005 will be mailed early in 2005. 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 2004 coupon booklet until you receive your new one. There are two blank coupons that can be used if you do not receive your year 2005 booklet in time to make the first deposit. **NOTE: Please open the envelope containing your 2005 WT-6 coupon booklet promptly upon arrival. If your filing frequency has been changed, your new frequency will be shown on your 2005 booklet.**

MAKE YOUR W-2 FORMS SCANNER FRIENDLY

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. If you have questions call (608) 261-7681.

MAGNETIC MEDIA REPORTING AND ELECTRONIC FILING FOR WISCONSIN

Persons who are required to file federal wage statements and information returns via Magnetic Media Reporting or via Electronic Filing with the Internal Revenue Service (IRS), must also file comparable forms in the same manner with the Wisconsin Department of Revenue. Magnetic Media Reporting and Electronic Filing are the means (such as magnetic tape, cartridge, diskette, or CD ROM) an employer or payer uses to convey information for processing by computer, rather than conveying the information on paper. If required to submit W-2 data to the Department of Revenue electronically, there is now an electronic file transfer site available. **NOTE: 9 track tape magnetic will no longer be accepted. See Publication 509 or check the Business section of the Department of Revenue web site: www.dor.state.wi.us.**

CURRENT WITHHOLDING TAX RATES TO APPLY FOR 2005

The current withholding tax rates will continue for 2005. 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) 266-1961.

WORKING FAMILIES TAX CREDIT CERTIFICATES MUST BE RENEWED

Employers that have employees who have given them a Certificate of Exemption from Wisconsin Withholding for 2004 because of the Working Families Tax Credit (Form WT-4B) should note that the certificates expire on December 31, 2004. To be exempt from withholding tax in the year 2005, employees must file a new certificate with their employer. To obtain a supply of this exemption certificate, call (608) 266-1961 or visit our web site at www.dor.state.wi.us.

NEW HIRE PROGRAM HELPS CHILDREN AND REDUCES TAXES

All employers with a FEIN (Federal Employer Identification Number) must report all newly hired and rehired employees to the New Hire Program. A newly hired employee is someone who has not worked for you before or is rehired after an unpaid absence of more than 90 days. Employers must report all their newly hired employees within **20 days** after the employee starts working for them.

It's easy to file New Hire reports. The easiest and most cost effective way to report new hires is via the Internet. To begin reporting, visit the New Hire web site at <http://www.newhire-usa.com/wi/>.

New Hire, a national program, is designed to aid in locating parents who owe child support. Child support money helps families stay off of assistance and helps custodial parents provide a better life for their children. This also helps reduce the tax burden for all of us.

Both State and Federal law require the New Hire program. The Department of Workforce Development currently matches New Hire reports with the Unemployment Insurance quarterly wage reports to identify employers not complying with New Hire reporting requirements. Employers not complying may be assessed penalties of up to \$25 for each newly hired employee not reported.

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

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.
- 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.**
- If you have a name or address change, 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 8949
Madison WI 53708-8949

WT-6 FILERS DID YOU KNOW?

- You must file a Form WT-6 Withholding Tax Deposit Report even if there is no tax due for a reporting period.
- 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 8949, Madison WI 53708-8949.

WHERE TO DIRECT QUESTIONS

General Withholding Questions (608) 266-2776

Wisconsin Department of Revenue
Mail Stop 5-77
PO Box 8949
Madison WI 53708-8949

Email: sales10@dor.state.wi.us

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

Wisconsin Department of Revenue
Magnetic Media Coordinator 5-257
2135 Rimrock Road
PO Box 8906
Madison WI 53708-8906