

# WITHHOLDING TAX UPDATE

2007-1

DECEMBER 2007

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## CURRENT WITHHOLDING TAX RATES TO APPLY FOR 2008

The current withholding tax rates will continue for 2008. 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.revenue.wi.gov](http://www.revenue.wi.gov) or by contacting the department at (608) 266-1961.

## ELECTRONIC FUNDS TRANSFER

Register to make your withholding deposits by ELECTRONIC FUNDS TRANSFER (EFT). It is quick, easy, provides a payment history and allows you to receive confirmation that your payment was received. For more information visit [www.revenue.wi.gov/eserv/eftgen.html](http://www.revenue.wi.gov/eserv/eftgen.html). Upon completing the on-line EFT application you will receive your filing instructions within 5 business days.

**NOTE: Withholding bills cannot be paid by EFT at this time. Payments for these items must be made with a paper check and mailed with a copy of the bill. EFT payments can be made ONLY for WT-6 deposits.**

## MAILING DATES FOR COUPON BOOKLETS

The Withholding Tax Deposit Coupon Booklets for the year 2008 will be mailed early in 2008. 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 allow 4 weeks for delivery of replacement booklet. Your 2007 coupon booklet contains two blank coupons that can be used if you do not receive your year 2008 booklet in time to make the first deposit.

## KEEP YOUR ADDRESS UP TO DATE

Many Department of Revenue forms are not forwarded by the postal service; including the Form WT-6 Withholding Tax Deposit coupon booklet. It is important to keep your mailing address and account information current with DOR. This helps reduce the cost of printing and mailing duplicate forms. To update your address or account information, call (608) 266-2776 or send an e-mail to [dorregistration@revenue.wi.gov](mailto:dorregistration@revenue.wi.gov).

## WT-7 AND W-2 ELECTRONIC FILING

File your WT-7 and W-2s electronically at [www.revenue.wi.gov/html/with.html](http://www.revenue.wi.gov/html/with.html)

Beginning in January of 2008, employers will be able to submit the W-2 files that they have created on the Social Security Administration web site in the Portable Document Format (PDF) to the Wisconsin Department of Revenue through our file transfer site

[www.revenue.wi.gov/eserv/w-2.html](http://www.revenue.wi.gov/eserv/w-2.html)

We will not be able to accept any other PDF generated W-2s that are scanned or created with any other software product. The web site where employers can create their W-2s is [www.ssa.gov/employer/](http://www.ssa.gov/employer/)

When you go to the Social Security Administration's site click on **Business Services Online** and you can [register](#) or [complete a phone registration](#) to get your PIN and Password. There are also tutorials available on that site for the registration process

[www.ssa.gov/employer/BSO%20RegSvc.pdf](http://www.ssa.gov/employer/BSO%20RegSvc.pdf)

and the filing process

[www.ssa.gov/employer/bsotut.htm](http://www.ssa.gov/employer/bsotut.htm)

Employers will also continue to be able to submit their W-2 files in the EFW2 format (formerly MMREF-1) at [www.revenue.wi.gov/eserv/w-2.html](http://www.revenue.wi.gov/eserv/w-2.html)

The specifications for electronically filing W-2s are outlined in our publication for Annual W-2 Reporting and Annual 1099-R, 1099-MISC, and W2-G Reporting at

[www.revenue.wi.gov/pubs/co-001.pdf](http://www.revenue.wi.gov/pubs/co-001.pdf)

No PIN or Password is required, just transfer your file. **We would like to strongly encourage all employers to file electronically through our secure web site.**

## REMINDER

Employers and preparers must continue to use the six digit Wisconsin Employer ID Number for withholding tax reports, W-2s and payments. Please do not use the 15 digit ITS number.

## MAGNETIC MEDIA REPORTING AND ELECTRONIC FILING FOR WISCONSIN

Persons required to file federal wage statements and information returns via Magnetic Media Reporting or via Electronic Filing with the Internal Revenue Service (IRS), must file comparable forms in the same manner with DOR. The Department of Revenue electronic file transfer site is available at [www.revenue.wi.gov/eserv/w-2.html](http://www.revenue.wi.gov/eserv/w-2.html) or see Publication 509, *Filing Wage Statements and Information Returns on Magnetic Media or by Electronic Transmission*. Call (608) 267-3327 if you have questions.

Mail transmittal letters and 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 5-144  
PO Box 8906  
Madison WI 53708-8906

## NEW HIRE PROGRAM HELPS CHILDREN AND REDUCES TAXES

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

The easiest and most cost effective way to report new hires is via the Internet. To begin reporting, visit the New Hire web site [www.newhire-usa.com/wi/](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, helps custodial parents provide a better life for their children, and reduces the tax burden for all of us.

Both State and Federal law require the New Hire program. Employers not complying with the New Hire reporting 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.

## PASS-THROUGH ENTITIES: DON'T FORGET ABOUT NONRESIDENT WITHHOLDING

A pass-through entity must withhold taxes on Wisconsin income distributable to a nonresident partner, member, shareholder, or beneficiary, regardless of whether such income is actually distributed.

Pass-through entities required to withhold include partnerships, limited liability companies treated as a partnerships, tax-option (S) corporations, and estates and trusts that are treated as pass-through entities for federal income tax purposes.

No withholding is required if the income distributable to the nonresident is less than \$1000. For purposes of pass-through entity withholding, a person who is a resident of Wisconsin for any part of the taxable year is not considered a nonresident.

Pass-through entities use Form PW-1 to pay the nonresident withholding on pass-through entity income. Form PW-1 is due on the unextended due date of the pass-through entity's Wisconsin income or franchise tax return. Additionally, the pass-through entity must enter the amount withheld on the Schedule 3K-1, 5K-1, or 2K-1 prepared for the nonresident.

Visit the Department of Revenue's web site at [www.revenue.wi.gov/eserv/pw/index.html](http://www.revenue.wi.gov/eserv/pw/index.html)

for information about electronic filing of Form PW-1. Also see [www.revenue.wi.gov/faqs/ise/pass.html](http://www.revenue.wi.gov/faqs/ise/pass.html)

for answers to frequently asked questions about pass-through entity withholding.

## WITHHOLDING TAX FILERS

The department is beginning a new requirement for employers registered to withhold Wisconsin income tax to file their annual reconciliation (Form WT-7) electronically. The department will notify employers subject to the requirement at least 90 days prior to the due date of the first Form WT-7 required to be filed electronically. A waiver may be requested in writing if the requirement to file electronically causes an undue hardship.

Even if it is not required, you are encouraged to file your Form WT-7 using one of the department's electronic filing

options at [www.revenue.wi.gov/html/with.html](http://www.revenue.wi.gov/html/with.html). It is free, fast and safe! It also provides confirmation that the department received your return.

If you can't file Form WT-7 electronically, use the department pre-printed Employers Annual Reconciliation (WT-7) form. The pre-printed form should be used whenever possible, as this form is processed through data imaging equipment and needs to be printed with specific spacing and data.

## 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 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.

## EFT FILERS DID YOU KNOW?

Every year the DOR receives numerous withholding payments with the incorrect year on them. Remember to verify you are using the new year when making your withholding tax deposits. It's an easy way to avoid receiving incorrect billings.

- To be considered timely an EFT payment must be initiated no later than 4PM CST on the due date for that period.
- 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."
- 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.
- **Withholding bills cannot be paid by EFT at this time. Payments for these items must be made with a paper check and mailed with a copy of the bill. EFT payments can be made ONLY for WT-6 deposits.**

## SEMI MONTHLY FILERS

Determining the correct "last day of the tax period this payment covers" for Semi Monthly withholding tax filers using EFT can be a challenge. Here is a little help: Withholding liability is incurred when wages are paid to employees, not when wages are earned. You must file a report and remit the amount withheld from the 1st day through the 15th day of the month on or before the last day of the same month. For this deposit, the "last day of the tax period this payment covers" should be entered as the 15th of the month. The amount withheld from wages paid between the 16th day through the last day of the month are due on or before the 15th day of the following month. The "last day of the tax period this payment covers" should be entered as the last day of the month. You must file a report (or do an EFT transaction for zero) even if no tax is withheld during the period covered.

## 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@revenue.wi.gov](mailto:sales10@revenue.wi.gov)