

WITHHOLDING TAX UPDATE

90-1

DECEMBER 1990

I. CURRENT WITHHOLDING TAX RATES TO APPLY FOR 1991

The current withholding tax rates will continue for 1991. Those rates are found in the Department's current issue of the "Wisconsin Employer's Withholding Tax Guide" for payroll periods beginning on or after May 1, 1988. If changes in the tax laws result in new withholding tax rates, the Department will mail notification to all registered employers.

II. MAILING DATE FOR COUPON BOOKLETS

Employers depositing Wisconsin withheld taxes on a semi-monthly, monthly, or quarterly basis will be mailed a 1991 coupon booklet during the early part of January 1991. Semimonthly filers should wait until January 28 before contacting this office if a booklet is not received. Monthly and quarterly filers should wait until February 11 before contacting the Department. Please retain your 1990 booklet and call us at (608) 267-1025 or (608) 266-2776 if you have any questions about your 1991 coupon booklet.

III. PREPARE YOUR WAGE & TAX STATEMENTS (FORM W-2'S) CORRECTLY

Please be sure your W-2's are legible and that they include the following information:

- Employee name, address, and social security number
- Employer name and Wisconsin Employer Identification Number
- Total wages
- Total Wisconsin tax withheld
- Correct state for taxes withheld

Total the Wisconsin tax withheld on the W-2 forms. Send the adding machine tape and W-2's with your Annual Reconciliation (Form WT-7).

IV. MAGNETIC TAPE REPORTING

The Department encourages you to report your W-2's on magnetic tape. If you already use magnetic tape to report your W-2's, be sure to follow the proper specifications. For tax year 1990, some slight changes have been made to the Social Security Administration specifications for magnetic tape filing. These changes will be followed for Wisconsin also. Wisconsin is not making any additional changes. To obtain magnetic tape reporting specifica-

tions, write to: Wisconsin Department of Revenue, P.O. Box 8903, Madison, WI 53708; or call (608) 267-3327.

V. CHANGE IN FEDERAL EMPLOYER IDENTIFICATION NUMBER

As a general rule, if you are required to obtain a new Federal Employer Identification Number (FEIN) you should also register for a new Wisconsin Employer Identification Number (WEIN). The following are two situations that may cause the Internal Revenue Service to issue a new FEIN:

1. Change of organization (e.g. sole proprietorship to corporation or partnership).
2. Change of partner(s)—if a continuing partnership has 50% or more ownership change in a 12-month period.

If you have a question, please write to the Department of Revenue or call (608) 266-2776 to determine if you need a new WEIN.

VI. SUBSIDIARY VS. DIVISION

Each **subsidiary** with Wisconsin employees and its own Federal Employer Identification Number (FEIN) must have its own Wisconsin Employer Identification Number (WEIN). Each **division** using the parent company's FEIN must file under the parent company's WEIN. If your company needs to apply for a new WEIN or consolidate current accounts, please contact the Department of Revenue.

VII. REPORTING BUSINESS CHANGES

Have you had a change in your business (e.g. change in legal/business name, mailing/business address, entity change, etc.)? Please notify us using the information correction form included in your WT-6 coupon booklet, or notify the Department of such changes in letter form. Indicate your legal/business name, Wisconsin Employer Identification Number, telephone number, and the date the change occurred when corresponding with the Department of Revenue.

If you are notifying the Department that your account should be inactivated, please indicate the reason that you are no longer withholding Wisconsin income tax and the date of that change. If you resume withholding within three years of the account inactivation date, the same Wisconsin Employer Identification Number will be issued to you.

VIII. IMPROVED NONFILER SYSTEM

In the spring of 1990, the Department implemented an improved system for notifying employers who have not filed a deposit report. The new tracking system uses an on-line computer system to detect nonfilers.

If you use the wrong coupon or file late, the department may issue a notice of failure to file and/or may estimate your tax and charge you penalty/interest.

Although most employers will not have contact with this system, it allows the department to pursue problem accounts quickly and automatically.

IX. EMPLOYEES EXEMPTION CERTIFICATES (FORM W-4 and WT-4)

Wisconsin law requires that a **copy** of the appropriate exemption certificate be filed with the Department whenever either of the following conditions exist:

1. The employe claims more than 10 exemptions. (Send a copy of either federal Form W-4 or Wisconsin Form WT-4.)
2. The employe claims complete exemption from Wisconsin withholding and earns over \$200 a week. (Send a copy of Wisconsin Form WT-4.) WT-4 is the only form that can be used to claim complete exemption from Wisconsin withholding. Federal Form W-4 cannot be substituted.

Send the W-4/WT-4 copies to: Wisconsin Department of Revenue, Audit Bureau, P.O. Box 8906, Madison, WI 53708.

When an employe is claiming complete exemption from Wisconsin withholding tax, a new WT-4 must be filed annually. The employer must receive a completed WT-4 for the current income year on or before April 30, of that year. If the employe fails to furnish an exemption certificate, then the employe shall be considered as claiming zero withholding exemptions.

X. EMPLOYERS OF MINNESOTA RESIDENTS

If you pay wages to a Minnesota resident who does not want Wisconsin income tax withheld from his/her wages, the form titled "Statement of Minnesota Residency" (Form W-222) must be completed by you and that employe. This authorizes you, as employer, to not withhold Wisconsin income tax. This exemption must be renewed each year.

Copies of this form may be obtained by calling (608)266-1961 or by writing to: Wisconsin Department of Revenue, Central Services Section, P.O. Box 8903, Madison, WI 53708.

XI. DID YOU KNOW?

- Effective July 1, 1990, reimbursed per diem business expenses, under a nonaccountable plan, are subject to withholding.
- Wisconsin law requires employers to furnish W-2's to their employes on or before January 31.
- Information on withholding for nonresident employes appears in the Wisconsin Employer's Withholding Tax Guide.
- Withholding liability is incurred when wages are paid to employes, not when wages are earned.

XII. NEED MORE INFORMATION?

The *Wisconsin Employer's Withholding Tax Guide* contains the tax rates and information about deducting, reporting, depositing, and reconciling Wisconsin withholding taxes. If you need a copy, contact any Department of Revenue office or call (608) 266-1961.

Wisconsin withholding tax law generally conforms with the federal Internal Revenue Code. A copy of the Federal Employer's Tax Guide - Circular E (Publication 15) may be obtained at your local IRS office or call 1-800-829-3676.

The Wisconsin Tax Bulletin (WTB) can provide you with up-to-date information about Wisconsin tax laws. The annual subscription fee for this quarterly periodical is \$6.00. Also available is the Wisconsin Department of Revenue's new Topical and Court Case Index. The index will direct you to various sources of information relating to questions you may have about Wisconsin tax matters. The annual subscription fee is \$14.00, plus sales tax. Both the Wisconsin Tax Bulletin and the Topical and Court Case Index may be purchased by sending a check made payable to "Document Sales" to: Wisconsin Department of Administration, Document Sales, P.O. Box 7840, Madison, WI 53707. Please indicate the publication type with your remittance.

General Withholding Questions (608) 266-2776
Wisconsin Department of Revenue
P.O. Box 8902
Madison, WI 53708

Mailing Address for Reporting Forms (WT-6, WT-7, Magnetic Tape):

Deposit Reports (Form WT-6) Wisconsin Department of Revenue
Drawer Number 931
Milwaukee, WI 53293

Annual Reconciliation (Form WT-7 and W-2's) Wisconsin Department of Revenue
P.O. Box 8920
Madison, WI 53708

Magnetic Tape and Annual Reconciliation (Form WT-7 and W-2's) Wisconsin Department of Revenue
P.O. Box 8903
4638 University Avenue
Madison, WI 53708