

WITHHOLDING TAX UPDATE

91-1

DECEMBER 1991

I. CURRENT WITHHOLDING TAX RATES TO APPLY FOR 1992

The current withholding tax rates will continue for 1992. 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 semimonthly, monthly, or quarterly basis will be mailed a 1992 coupon booklet during the early part of January 1992. 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 1991 booklet and call us at (608)267-1025 or (608)266-2776 if you have any questions about your 1992 coupon booklet.

III. NEW MAGNETIC MEDIA REPORTING REQUIREMENTS

Beginning January 1, 1992, persons (including corporations) required to file federal wage statements and information returns on magnetic media with the Internal Revenue Service (IRS) must also file comparable Wisconsin forms on magnetic media with the Wisconsin Department of Revenue (DOR). However, if the number of any one type of form filed with DOR is less than 250, a person may choose to file that type of form on paper rather than magnetic media.

To obtain magnetic media specifications or more information, write to: Wisconsin Department of Revenue, 4638 University Ave., P.O. Box 8903, Madison, WI 53708-8903; or call (608)267-3327.

IV. DID YOU KNOW?

- DOR has changed its policy and will no longer return magnetic media files.
- Wisconsin law requires employers to furnish W-2's to their employees on or before January 31.

- Information on withholding for nonresident employees appears in the Wisconsin Employer's Withholding Tax Guide.

- Withholding liability is incurred when wages are paid to employees, not when wages are earned.

- 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).

- We'd like you to verify that the Federal Employer Identification Number printed on your Annual Reconciliation of Wisconsin Income Tax Withheld From Wages (Form WT-7) is complete and accurate.

- Filing a Form WT-7 does not relieve you of the responsibility of filing a deposit report (Form WT-6) unless you have been assigned an annual filing frequency.

- DOR is unable to provide federal forms and returns. The IRS forms request line is 1-800-829-3676.

- Common errors we see:

- Employers fail to file Forms WT-6 or WT-7 when their liability for a particular period is zero.

- Employers overpay a period, then try to take credit during the next period.

V. NEW DELINQUENT TAX COLLECTION FEE IMPLEMENTED

Beginning July 1, 1992, if outstanding delinquent amounts are due or an adjustment notice is not paid in full by the due date, a **Delinquent Tax Collection Fee** of the greater of \$25 or 4-1/2% of the unpaid amount will be added to the outstanding amount due. Beginning in January 1992, additional information will be included with adjustment notices and in notices to existing delinquent accounts explaining this additional fee if outstanding amounts are not paid when due.

VI. IMPORTANT NOTICE TO SEASONAL EMPLOYERS

Does your business employ all of its workers on a seasonal basis? If it does and you have not recently received a letter from this department confirming your season, please furnish the department with :

- your legal and business name
- Wisconsin Employer Identification Number (WEIN)
- the beginning and ending months in your employment season
- your telephone number

You will receive confirmation that we have designated your withholding account as a "seasonal" account. Seasonal filing means you are not required to file a Form WT-6 for periods outside of your normal operating season, providing you do *not* incur a withholding tax liability for those periods.

During your "open" season, the Form WT-6 marked for the appropriate period *must* be filed on or before the due date indicated on that report. This Form WT-6 must be timely filed even though you may have only operated during a portion of that period. You *must* file this Form WT-6 even if you have no tax to report.

Please contact this department if you have any questions regarding this matter or if there is a change in your usual season of operation. Write to: Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902; or call (608)267-1025.

VII. FORM 1099-R REPLACES FORM W-2P

The IRS has replaced Form W-2P with Form 1099-R beginning with the 1991 tax year. For additional information, refer to the Federal Circular E, "Employer's Tax Guide." Forms 1099-R can be obtained from the IRS.

For Wisconsin reporting purposes, you will also use Form 1099-R. This form is used to report distributions from pensions, annuities, retirement or profit-sharing plans, IRAs, insurance contracts, etc.

If Wisconsin income tax was withheld from the distribution, the Employer's Annual Reconciliation of Wisconsin Tax Withheld From Wages, Form WT-7, should be submitted with Forms 1099-R by January 31. Form WT-7 need not accompany Forms 1099-R if no Wisconsin income taxes were withheld and you were not required to file Form WT-7. The address used in either case is: Wisconsin Department of Revenue, P.O. Box 8920, Madison, WI 53708-8920. Call (608) 266-1980 if you have questions regarding the filing of Form WT-7.

VIII. PREPARE YOUR WAGE & TAX STATEMENTS (FORMS 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

NOTE: Amounts collected from the certification (garnishment) of wages should *NOT* be included as Wisconsin tax withheld on the W-2.

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).

IX. 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 DOR 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 department's Speakers Bureau provides speakers to professional organizations and community groups throughout Wisconsin. If you would like a speaker to address your group, please call the Speakers Bureau at (608)266-8640.

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

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

Deposit Reports (Form WT-6) Wisconsin Department of Revenue
Drawer Number 931
Milwaukee, WI 53293-0931

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

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