

WITHHOLDING TAX UPDATE

92-1

DECEMBER 1992

I. CURRENT WITHHOLDING TAX RATES TO APPLY FOR 1993

The current withholding tax rates will continue for 1993. 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 1993 coupon booklet during the early part of January 1993. 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 1992 booklet and call us at (608) 267-1025 or (608) 266-2776 if you have any questions about your 1993 coupon booklet.

III. MAGNETIC MEDIA REPORTING REQUIREMENTS

Wage statements and information returns are required to be filed on magnetic media with the Department of Revenue (DOR) if the number of any one type of wage statement or information return required to be filed with Wisconsin is 250 or more.

For more information about magnetic media specifications write to: Wisconsin Department of Revenue, PO Box 8903, Madison, WI 53708-8903; or call (608) 267-3327.

If a person is required to file on magnetic media with DOR but doing so would cause an undue hardship, the person may submit a written request for a waiver from the Department of Revenue. The waiver request must state the reasons why filing on magnetic media would cause an undue hardship. The request must be mailed to Wisconsin Department of Revenue, PO Box 8902, Madison, WI 53708-8902, by December 31 each year.

IV. DID YOU KNOW?

- A law enacted by the state of Maryland on May 1, 1992, has terminated income tax reciprocity between Wisconsin and Maryland, effective for taxable years beginning after December 31, 1991. Wisconsin had practiced reciprocity with Maryland for a number of years based on an informal agreement between the two states.

- 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).
- The Employer's Annual Reconciliation of Wisconsin Income Tax Withheld from Wages (Form WT-7) has a new look. A change has been made in size and format, with all information now on the front side of the form.
- 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.
- 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. EXTENSION FOR FILING THE ANNUAL RECONCILIATION

A 30-day extension may be given for good cause, to file the Annual Reconciliation of Wisconsin Income Tax Withheld From Wages (Form WT-7) and the wage statements or information returns. This request must be made in writing by January 31 each year and should be mailed to: Wisconsin Department of Revenue, PO Box 8902, Madison, WI 53708-8902. This one-month extension is for the filing of the annual reconciliation. No extension can be granted to extend the time for depositing withheld tax amounts.

VI. POWER OF ATTORNEY

A Power of Attorney (Form A-222), or other written authorization, executed by the taxpayer is required by the Wisconsin Department of Revenue in order for the taxpayer's representative to receive or inspect tax forms or notices which contain confidential information. Use of Form A-222 is not mandatory, however, a substitute form must reflect the information that would be provided on Wisconsin Form A-222. Form A-222 can be obtained by contacting any

Wisconsin Department of Revenue office or by calling (608) 266-2776.

VII. GUIDELINES FOR FILING DEPOSIT REPORTS AND MAKING PAYMENTS

The Department processes approximately 2.2 million withholding deposit reports (Form WT-6's) annually. Prompt and accurate processing of those reports is our prime objective. You can help us to obtain that objective by following the guidelines below when making your deposits.

1. Mail the WT-6 reporting forms to the address shown on the form. Mailing them to another address causes a delay in processing the information and the deposit. Mailing labels are provided in the back of the coupon booklet for your convenience.
2. Make sure your check is signed, and is payable to the Wisconsin Department of Revenue.
3. Do not staple, paper clip, or tape the check to the deposit report.
4. Do not fold the deposit report or write in the white area at the bottom of your form.
5. The Information Correction Form (pink form in your coupon booklet) may be sent along with your deposit reports to Drawer 931.
6. Do not send other payments, documents, or correspondence to Drawer 931. These types of documents should be sent to another department address.
7. Detach any voucher (check stub) from the check. Do not send it with the deposit report. The payment will be applied to the account and period stated on the deposit report.

VIII. 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.

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

- Wisconsin law requires employers to furnish W-2's to their employees on or before January 31.

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).

X. 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. Publication 509 contains information about requirements for filing wage statements and information returns on magnetic media. Copies of these publications may be obtained by contacting any DOR office or calling (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), as well as other federal forms and publications, may be obtained at your local IRS office or call 1-800-829-3676.

General Withholding Questions (608) 266-2776
Wisconsin Department of Revenue
PO 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
PO 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
PO Box 8903
Madison WI 53708-8903