

WITHHOLDING TAX UPDATE

94-1

DECEMBER 1994

I. CURRENT WITHHOLDING TAX RATES TO APPLY FOR 1995

The current withholding tax rates will continue for 1995. 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 1995 coupon booklet during January 1995. Booklets for semimonthly filers should be delivered by January 27. Booklets for monthly and quarterly filers should be delivered by February 10. If these dates have passed and you have not received your coupon booklet, please call us at (608) 267-1025 or (608) 266-2776. Please retain your 1994 coupon booklet until you receive your 1995 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.

IV. ARE YOU REPORTING EMPLOYEE'S WITHHOLDING IN THE PROPER PERIOD?

Withholding liability is based on when wages are paid to employees, not when wages are earned. Use the date the employee is paid to determine the correct reporting period.

V. ELECTRONIC FUNDS TRANSFER

The Wisconsin Department of Revenue is offering Electronic Funds Transfer (EFT) as a payment option for state withholding tax. We invite you to join us in moving toward the future of doing business electronically.

Electronic Funds Transfer is a simple process to report and pay your withholding tax payments electronically instead of producing a check and mailing it with a deposit report. EFT is a safe and efficient payment system that allows the State of Wisconsin to use techniques that banks and businesses have used for years. Payments move rapidly through the system from the taxpayers' accounts into the State Treasury, ensuring that payments are received.

- When you submit your withholding payments by EFT, you do not file a paper Withholding Tax Deposit Report (Form WT-6).
- You may select either ACH debit or ACH credit as your means of transmitting payments.
- Since the ACH debit/credit transaction includes tax reporting information which replaces the paper WT-6, you must initiate a transaction for each filing period even if no tax is due.
- However, you are still required to file an Employer's Annual Reconciliation of Wisconsin Income Tax Withheld From Wages (Form WT-7) by January 31 of each year. Payments due with Form WT-7 must be made by paper check or money order.

For more information an "Electronic Funds Transfer for Employer Withholding Tax Program Guide" and "Application for Electronic Funds Transfer Authorization" (Form A-103) are available by writing to: Revenue Accounting-EFT Unit, Wisconsin Department of Revenue, PO Box 8903, Madison, WI 53708-8903; or call the Wisconsin EFT help line at (608) 264-9918.

VI. ANNUAL RECONCILIATION (WT-7) - AMOUNT DUE OR OVERPAYMENT???

If you have completed your WT-7 and determined that you owe an additional amount (an amount is on line 6 of the WT-7) or have overpaid (an amount is on line 7 of the WT-7) your Wisconsin withholding taxes, use the following address: Wisconsin Department of Revenue, PO Box 8981, Madison WI 53708-8981.

This address is being used to identify and sort WT-7s that have amounts due or overpayments so that we can expedite the processing of these documents.

Remember to include copies of all Wage & Tax Statements (W-2s) with the WT-7.

VII. DID YOU KNOW?

- 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.
- Employers are required to file Forms WT-6 or WT-7 even when their liability for a particular period is zero.
- The due date for the Employer's Annual Reconciliation of Wisconsin Income Tax Withheld From Wages (Form WT-7) is January 31. This is earlier than the federal due date.
- A 30-day extension may be given for good cause, to file the Employer's Annual Reconciliation of Wisconsin Income Tax Withheld From Wages (Form WT-7) and the wage and tax statements (Form W-2) or information returns. No extension is available for depositing withheld tax amounts.
- Written authorization by the taxpayer is required by the Wisconsin Department of Revenue in order for a taxpayer's representative to receive or inspect tax forms or notices which contain confidential information. Use the department's Power of Attorney (Form A-222) or a substitute reflecting the same information.
- Send forms to the addresses shown on the form. The Withholding Tax Deposit Report (Form WT-6) and the Employer's Annual Reconciliation of Wisconsin Income Tax Withheld From Wages (Form WT-7) have different mailing addresses.

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 the department 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.

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).

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. 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.

WHERE TO DIRECT QUESTIONS

General Withholding Questions (608) 266-2776
Wisconsin Department of Revenue
PO Box 8902
Madison WI 53708-8902

Magnetic Media Only (608) 267-3327
Wisconsin Department of Revenue
PO Box 8903
Madison WI 53708-8903

TDD Inquiries (608) 266-1612

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 in balance (Form WT-7 and W-2's) Wisconsin Department of Revenue
PO Box 8920
Madison WI 53708-8920

Annual Reconciliation amount due or overpayment (Form WT-7 and W-2's) Wisconsin Department of Revenue
PO Box 8981
Madison, WI 53708-8981

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