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EY Payroll NewsFlash™

State supplemental income
tax withholding rates for 2016



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State supplemental income tax withholding rates for 2016

Comparable to the optional flat rate of 25% (for 2015 and 2016) that can be used for computing federal income tax on supplemental wages such as bonuses, some states also allow for a fixed supplemental rate of income tax withholding.

Following is our 2016 survey of states that allow for the optional use of the supplemental withholding method and the rates that apply for 2016. Changes since our January 2015 survey are highlighted in yellow.

States offering a supplemental withholding tax rate option* as of January 4, 2016

Changes between the 2016 and 2015 survey are highlighted in yellow

State supplemental withholding tax rate options for 2016		
State	Web site reference	Supplemental withholding tax rate
Alabama	http://www.revenue.alabama.gov/withholding	5.00%
Arkansas	http://www.dfa.arkansas.gov/offices/incomeTax	6.9%
California	http://www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm	
<i>Supplemental Wages</i>		6.60%
<i>Bonus and Stock Options</i>		10.23%
Colorado	https://www.colorado.gov/pacific/sites/default/files/DR1098.pdf	4.63%
Georgia	http://dor.georgia.gov/sites/dor.georgia.gov/files/related_files/document/WH%20Employers%20Tax%20Guide_0.pdf	

State supplemental withholding tax rate options for 2016		
State	Web site reference	Supplemental withholding tax rate
Annual Wages: Under \$8,000		2.00%
\$8,000 - \$10,000		3.00%
\$10,000 - \$12,000		4.00%
\$12,000 - \$15,000		5.00%
over \$15,000		6.00%
Idaho	http://tax.idaho.gov/pubs/EPB0006_07-30-2015.pdf	7.40%
Illinois	http://tax.illinois.gov/taxforms/Withholding/IL-700-T.pdf	3.75%**
Indiana	http://www.in.gov/dor/reference/files/dn01.pdf	3.30%
Iowa	https://tax.iowa.gov/sites/files/idr/forms1/44001_0.pdf	6.00%
Kansas	http://www.ksrevenue.org/pdf/kw1002015.pdf	4.50%
Maine	http://www.maine.gov/revenue/forms/with/2016/16_wh_tab&instructions%20rev%202015-11-12.pdf	5.00%
Maryland	http://forms.marylandtaxes.com/16_forms/Withholding_Guide.pdf http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Income_Tax/Employer_Withholding/Withholding_Tables/Per	MD resident 5.75% plus local WH Rate; 7.5% ↑ for MD nonresidents and 3.2% for residents employed in Delaware
Massachusetts	http://www.mass.gov/dor/docs/dor/forms/wage-rpt/pdfs/circ-m-current.pdf	5.1% ↓

State supplemental withholding tax rate options for 2016		
State	Web site reference	Supplemental withholding tax rate
Michigan	http://www.michigan.gov/documents/taxes/2016WithholdingTables_505482_7.pdf	4.25%
Minnesota	http://www.revenue.state.mn.us/Forms_and_Instructions/wh_inst_16.pdf	6.25%
Missouri	http://dor.mo.gov/forms/4282_2016.pdf	6.00%
Montana	http://revenue.mt.gov/Portals/9/businesses/wage_withholding/Employers_Tax_Guide.pdf	6.00%
Nebraska	http://www.revenue.nebraska.gov/withhold.html	5.00%
New Mexico	http://www.tax.newmexico.gov/withholding-tax-historic-rates.aspx	4.90%
New York	https://www.tax.ny.gov/pdf/publications/withholding/nys50_t_nys.pdf	9.62% (For 2016, New York City is 4.25%, Yonkers resident is 1.61135% and Yonkers nonresident is 0.50%)
North Carolina	http://www.dor.state.nc.us/downloads/nc30_2016.pdf	5.85% ↑

State supplemental withholding tax rate options for 2016		
State	Web site reference	Supplemental withholding tax rate
North Dakota	http://www.nd.gov/tax/data/upfiles/media/2016%20Income%20Tax%20Withholding%20Rates%20and%20Instructions%20Booklet.pdf?20151230223403	1.84% ↓
Ohio	http://www.tax.ohio.gov/Portals/0/employer_withholding/August2015Rates/WTH_PercentageMethod_FS_2015_073015.pdf	3.50%
Oklahoma	https://www.ok.gov/tax/documents/2016WHTables.pdf	5.00% ↓
Oregon	http://www.oregon.gov/DOR/forms/FormsPubs/withholding-tax-formulas_206-436_2016.pdf	9.00%
Pennsylvania	http://www.revenue.pa.gov/FormsandPublications/FormsforBusiness/Documents/Employer%20Withholding/rev-580.pdf	3.07% (+ employee unemployment insurance tax of 0.07%)* **
Rhode Island	http://www.tax.ri.gov/forms/2016/Withholding/2016_Withholding_Booklet.pdf	5.99%
South Carolina	https://dor.sc.gov/forms-site/Forms/WH1603_06152015.pdf	7.00%
Vermont ³	http://tax.vermont.gov/business-and-corp/withholding-tax	24% of federal withholding
Virginia	http://www.tax.virginia.gov/sites/tax.virginia.gov/files/taxforms/Business/Withholding_Tax/Employer_Withholding_Instructions.pdf	5.75%
West Virginia	http://www.state.wv.us/taxrev/uploads/lt100-1-a.pdf	

State supplemental withholding tax rate options for 2016		
State	Web site reference	Supplemental withholding tax rate
Annual Wages under \$10,000		3.00%
\$10,000 - \$25,000		4.00%
\$40,000 - \$60,000		6.00%
over \$60,000		6.50%
Wisconsin	https://www.revenue.wi.gov/pubs/pb166.pdf	
Annual wages: under \$10,910		4.00%
\$10,910 - \$21,820		5.84%
\$21,820 - \$240,190		6.27%
\$240,190 and over		7.65%

*There is no supplemental rate of withholding for Arizona, Connecticut, Delaware, District of Columbia, Hawaii, Kentucky, Louisiana, Mississippi, New Jersey, Puerto Rico, or Utah.

****Illinois.** The 2016 withholding table publication includes a warning that reads: **“This rate may be subject to change per legislative order,”** referring to the possibility that the state income tax rate may increase for 2016 in order to resolve a budget shortfall created by the reduction to 3.75% effective January 1, 2015. The state has been operating without a fiscal year 2016 budget since July 1, 2015.

*** **Pennsylvania.** State legislators are continuing to strike a budget resolution, the outcome of which could change the state income tax rates.

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