

SUBSTANCE OF THE PROPOSED RULE

DEPARTMENT OF TAXATION AND FINANCE

Section 671(a)(1) and section 1329 of the Tax Law mandate that employers withhold from employee wages amounts that are substantially equivalent to the amount of New York State personal income tax and City of Yonkers income tax surcharge reasonably estimated to be due for the taxable year. The provisions authorize the Commissioner of Taxation and Finance to provide for withholding of these taxes through regulations promulgated by the Commissioner.

This rule amends Appendixes 10 and 10-A of Title 20 NYCRR, replacing pages T-13, T-14, and T-14-A, Method II: Exact Calculation Method (Single, Married, and Examples, respectively) of Appendix 10, New York State Income Tax Withholding Tables and Other Methods, and pages T-57, T-58, and T-58-A, Method II: Exact Calculation Method (Single, Married, and Examples, respectively) of Appendix 10-A, City of Yonkers Income Tax Surcharge on Residents and Earnings Tax on Nonresidents Withholding Tables and Other Methods of such Title to provide new New York State and City of Yonkers withholding tables and other methods. The amendments to the Appendixes reflect the limitation of itemized deductions in Part W-1 of Chapter 57 of the Laws of 2009, the revision of the New York State and City of Yonkers tax tables and tax table benefit recapture in Part Z-1 of such Chapter, and the requirement in the new law that the withholding rates for the remainder of tax year 2009 reflect the full amount of tax liability for tax year 2009 as accurately as practicable. This rule also reflects the increases of the New York State and City of Yonkers supplemental withholding tax rates to be applied to supplemental wage payments.

The rule applies to wages and other compensation subject to withholding paid on or after May 1, 2009.