

STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE
SUBSTANCE OF PROPOSED RULE

Section 1309 of the Tax Law and section 11-1771(a) of the Administrative Code of the City of New York mandate that employers withhold from employee wages amounts that are substantially equivalent to the amount of City of New York personal income tax on residents reasonably estimated to be due for the taxable year.

This rule repeals Appendix 10-C of Title 20 NYCRR and enacts a new Appendix 10-C of such Title to provide new City of New York withholding tables and other methods applicable to wages and other compensation paid on and after June 1, 2002. The rates for the additional tax on city taxable income have reverted to the maximum percentage allowed by the law and the withholding tables and other methods have been adjusted accordingly. The rule also reflects the increase, to 4.00 percent, of the New York City tax rate to be applied to supplemental wage payments. The amendments reflect the City of New York's decision not to extend the reduction in the additional tax on city taxable income in effect for the 2001 tax year to the 2002 tax year.