STATE OF NEW YORK

DEPARTMENT OF TAXATION AND FINANCE

COMMISSIONER OF TAXATION AND FINANCE

ALBANY, NEW YORK

Pursuant to the authority contained in subdivision First of section 171, paragraph (1) of subsection (a) of section 671, subsection (a) of section 697, section 1309 (not subdivided) and subsection (a) of section 1312 of the Tax Law; subdivision (a) of section 11-1771 and subdivision (a) of section 11-1797 of the Administrative Code of the City of New York; and section 4 of Part EE of Chapter 57 of the Laws of 2010; the First Deputy Commissioner of Taxation and Finance, being duly authorized to act due to the vacancy in the office of the Commissioner of Taxation and Finance, hereby proposes to make and adopt the following amendments to the New York City Personal Income Tax on Residents Regulations under Article 30 of the Tax Law and Chapter 17 of Title 11 of the Administrative Code of the City of New York and to Appendix 10-C, which comprises the regulations with respect to the City of New York withholding tables and other methods as published in Title 20 of the Official Compilation of Codes, Rules and Regulations of the State of New York, to read as follows:

Section 1.   Subdivision (b) of section 291.1 of the New York City Personal Income Tax on Residents Regulations, as published in Subchapter E of Chapter II of such Title, is amended to read as follows:

(b) "Supplemental wages". The provisions of section 171.4(b) of this Title with respect to the withholding of New York State personal income tax on supplemental wages shall also be applicable to the withholding of New York City personal income tax on residents, except with regard to the rate prescribed in such section. For New York City personal income tax on residents withholding purposes, an employer may withhold from the supplemental wages at a rate equal to [4.75] 4.25 percent.

Section 2. Three pages of Appendix 10-C, New York City Personal Income Tax on Residents Withholding Tables and Other Methods, denominated "Method II: Exact Calculation Method" (Single, Married, and Examples, respectively), which pages are numbered T-39, T-40, and T-40-A, are REPEALED and new such pages are added to Appendix 10-C of such Title to read as follows:

Table II - A   Weekly Payroll

	If the amount of net wages (after subtracting deductions and exemptions) is:		Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
L i n e	At Least	But less than			
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$154	$0	0.0190	$0
2	154	167	154	0.0265	2.92
3	167	288	167	0.0310	3.29
4	288	481	288	0.0370	7.04
5	481	1,154	481	0.0390	14.15
6	1,154	9,615	1,154	0.0400	40.40
7	9,615	....	9,615	0.0425	378.87

Table II - D   Monthly Payroll

	If the amount of net wages (after subtracting deductions and exemptions) is:		Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
L i n e	At Least	But less than			
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$667	$0	0.0190	$0
2	667	725	667	0.0265	12.67
3	725	1,250	725	0.0310	14.25
4	1,250	2,083	1,250	0.0370	30.50
5	2,083	5,000	2,083	0.0390	61.33
6	5,000	41,667	5,000	0.0400	175.08
7	41,667	....	41,667	0.0425	1,641.75

Table II - B   Biweekly Payroll

	If the amount of net wages (after subtracting deductions and exemptions) is:		Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
L i n e	At Least	But less than			
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$308	$0	0.0190	$0
2	308	334	308	0.0265	5.85
3	334	577	334	0.0310	6.58
4	577	962	577	0.0370	14.08
5	962	2,308	962	0.0390	28.31
6	2,308	19,231	2,308	0.0400	80.81
7	19,231	....	19,231	0.0425	757.73

Table II - E   Daily Payroll

	If the amount of net wages (after subtracting deductions and exemptions) is:		Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
L i n e	At Least	But less than			
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0.00	$31.00	$0.00	0.0190	$0
2	31.00	33.50	31.00	0.0265	0.58
3	33.50	57.50	33.50	0.0310	0.66
4	57.50	96.00	57.50	0.0370	1.41
5	96.00	231.00	96.00	0.0390	2.83
6	231.00	1,923.00	231.00	0.0400	8.08
7	1,923.00	....	1,923.00	0.0425	75.77

Table II - C   Semimonthly Payroll

	If the amount of net wages (after subtracting deductions and exemptions) is:		Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
L i n e	At Least	But less than			
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$333	$0	0.0190	$0
2	333	362	333	0.0265	6.33
3	362	625	362	0.0310	7.13
4	625	1,042	625	0.0370	15.25
5	1,042	2,500	1,042	0.0390	30.67
6	2,500	20,833	2,500	0.0400	87.54
7	20,833	....	20,833	0.0425	820.88

Annual Tax Rate Schedule

	If annual wages (after subtracting deductions and exemptions) are:		Subtract Column 3 amount from taxable portion of annualized pay	Multiply the result by Column 4 amount	Add the result to Column 5 amount. The resulting sum is the annualized tax.
L i n e	At Least	But less than			
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$8,000	$0	0.0190	$0
2	8,000	8,700	8,000	0.0265	152.00
3	8,700	15,000	8,700	0.0310	171.00
4	15,000	25,000	15,000	0.0370	366.00
5	25,000	60,000	25,000	0.0390	736.00
6	60,000	500,000	60,000	0.0400	2,101.00
7	500,000	....	500,000	0.0425	19,701.00

Steps for computing the amount of tax to be withheld:

Step 1   If the number of exemptions claimed is ten or fewer, look up the total exemption and deduction amount in Table A on page T-38, according to the payroll period and marital status claimed. (If there are more than 10 exemptions, multiply the number by the exemption amount in Table C on page T-38 and add it to the deduction amount from Table B.) Subtract the total exemption and deduction amount from the wages to get net wages.

For weekly payroll periods, if the amount of net wages is $1,200 or less, you may use the simplified Dollar to Dollar Withholding Table beginning on page T-41 to find the amount to withhold. Otherwise, continue with Step 2.

Step 2   Locate the table on this page for the appropriate payroll period. Find the line on which the net wages fall between the amounts in Columns 1 and 2.

Step 3   Following across on the line you found in Step 2, subtract the amount in Column 3 from the net wages.

Step 4   Following across the same line, multiply the result from Step 3 by the amount in Column 4.

Step 5   Following across on the same line, add the result from Step 4 to the amount in Column 5. The resulting sum is the amount to withhold from wages.

See page T-40-A for withholding calculation examples using Method II.

New York City   **Married**   **Method II   Exact Calculation Method**

Table II - A   Weekly Payroll

Line	If the amount of net wages (after subtracting deductions and exemptions) is: At Least	But less than	Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$154	$0	0.0190	$0
2	154	167	154	0.0265	2.92
3	167	288	167	0.0310	3.29
4	288	481	288	0.0370	7.04
5	481	1,154	481	0.0390	14.15
6	1,154	9,615	1,154	0.0400	40.40
7	9,615	. . . .	9,615	0.0425	378.87

Table II - D   Monthly Payroll

Line	If the amount of net wages (after subtracting deductions and exemptions) is: At Least	But less than	Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$667	$0	0.0190	$0
2	667	725	667	0.0265	12.67
3	725	1,250	725	0.0310	14.25
4	1,250	2,083	1,250	0.0370	30.50
5	2,083	5,000	2,083	0.0390	61.33
6	5,000	41,667	5,000	0.0400	175.08
7	41,667	. . . .	41,667	0.0425	1,641.75

Table II - B   Biweekly Payroll

Line	If the amount of net wages (after subtracting deductions and exemptions) is: At Least	But less than	Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$308	$0	0.0190	$0
2	308	334	308	0.0265	5.85
3	334	577	334	0.0310	6.58
4	577	962	577	0.0370	14.08
5	962	2,308	962	0.0390	28.31
6	2,308	19,231	2,308	0.0400	80.81
7	19,231	. . . .	19,231	0.0425	757.73

Table II - E   Daily Payroll

Line	If the amount of net wages (after subtracting deductions and exemptions) is: At Least	But less than	Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0.00	$31.00	$0.00	0.0190	$0
2	31.00	33.50	31.00	0.0265	0.58
3	33.50	57.50	33.50	0.0310	0.66
4	57.50	96.00	57.50	0.0370	1.41
5	96.00	231.00	96.00	0.0390	2.83
6	231.00	1,923.00	231.00	0.0400	8.08
7	1,923.00	. . . .	1,923.00	0.0425	75.77

Table II - C   Semimonthly Payroll

Line	If the amount of net wages (after subtracting deductions and exemptions) is: At Least	But less than	Subtract Column 3 amount from net wages	Multiply the result by Column 4 amount	Add the result to Column 5 amount. Withhold the resulting sum.
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$333	$0	0.0190	$0
2	333	362	333	0.0265	6.33
3	362	625	362	0.0310	7.13
4	625	1,042	625	0.0370	15.25
5	1,042	2,500	1,042	0.0390	30.67
6	2,500	20,833	2,500	0.0400	87.54
7	20,833	. . . .	20,833	0.0425	820.88

Annual Tax Rate Schedule

Line	If annual wages (after subtracting deductions and exemptions) are: At Least	But less than	Subtract Column 3 amount from taxable portion of annualized pay	Multiply the result by Column 4 amount	Add the result to Column 5 amount. The resulting sum is the annualized tax.
	Column 1	Column 2	Column 3	Column 4	Column 5
1	$0	$8,000	$0	0.0190	$0
2	8,000	8,700	8,000	0.0265	152.00
3	8,700	15,000	8,700	0.0310	171.00
4	15,000	25,000	15,000	0.0370	366.00
5	25,000	60,000	25,000	0.0390	736.00
6	60,000	500,000	60,000	0.0400	2,101.00
7	500,000	. . . .	500,000	0.0425	19,701.00

Steps for computing the amount of tax to be withheld:

Step 1   If the number of exemptions claimed is ten or fewer, look up the total exemption and deduction amount in Table A on page T-38, according to the payroll period and marital status claimed. (If there are more than 10 exemptions, multiply the number by the exemption amount in Table C on page T-38 and add it to the deduction amount from Table B.) Subtract the total exemption and deduction amount from the wages to get net wages.

For weekly payroll periods, if the amount of net wages is $1,200 or less, you may use the simplified Dollar to Dollar Withholding Table beginning on page T-41 to find the amount to withhold. Otherwise, continue with Step 2.

Step 2   Locate the table on this page for the appropriate payroll period. Find the line on which the net wages fall between the amounts in Columns 1 and 2.

Step 3   Following across on the line you found in Step 2, subtract the amount in Column 3 from the net wages.

Step 4   Following across the same line, multiply the result from Step 3 by the amount in Column 4.

Step 5   Following across on the same line, add the result from Step 4 to the amount in Column 5. The resulting sum is the amount to withhold from wages.

See page T-40-A for withholding calculation examples using Method II.

New York City
Method II   Exact Calculation Method
Examples

Single

Example 1: Weekly payroll, $400 gross wages, single, 3 exemptions

1. Amount from Table A on page T-38 is $153.90 for single, weekly payroll, 3 exemptions. $400 wages - $153.90 = $246.10 net wages.
2. Use Table II - A on page T-39 for single, weekly payroll. Look up $246.10 and use line 3 on which $246.10 is greater than Column 1 ($167) but less than Column 2 ($288).
3. $246.10 - $167(from Column 3, line 3) = $79.10.
4. $79.10 x .0310 (from Column 4, line 3) = $2.45.
5. $2.45 + $3.29 (from Column 5, line 3) = $5.74. Withhold this amount.

Example 3: Monthly payroll, $50,000 gross wages, single, 3 exemptions

1. Amount from Table A on page T-38 is $666.60 for single, monthly payroll, 3 exemptions. $50,000 wages - $666.60 = $49,333.40 net wages.
2. Use Table II - D on page T-39 for single, monthly payroll. Look up $49,333.40 and use line 7 on which $49,333.40 is greater than Column 1 ($41,667).
3. $49,333.40 - $41,667 (from column 3, line 7 = $7,666.40.
4. $7,666.40 x .0425 (from Column 4, line 7) = $325.82.
5. $325.82 + $1,641.75 (from Column 5, line 7) = $1,967.57. Withhold this amount.

Example 2: Semimonthly payroll, $5,000 gross wages, single, 1 exemption

1. Amount from Table A on page T-38 is $250 for single, semimonthly payroll, 1 exemption. $5,000 wages - $250 = $4,750 net wages.
2. Use Table II - C on page T-39 for single, semimonthly payroll. Look up $4,750 and use line 6 on which $4,750 is greater than Column 1 ($2,500).
3. $4,750 - $2,500 (from Column 3, line 6) = $2,250.
4. $2,250 x .0400 (from Column 4, line 6) = $90.
5. $90.00 + $87.54 (from Column 5, line 6) = $177.54. Withhold this amount.

Example 4: Daily payroll, $750 gross wages, single, 2 exemptions

1. Amount from Table A on page T-38 is $26.95 for single, daily payroll, 2 exemptions. $750 wages - $26.95 = $723.05 net wages.
2. Use Table II - E on page T-39 for single, daily payroll. Look up $723.05 and use line 6 on which $723.05 is greater than Column 1 ($231.00).
3. $723.05 - $231.00 (from Column 3, line 6) = $492.05.
4. $492.05 x .0400 (from Column 4, line 6) = $19.68.
5. $19.68 + $8.08 (from Column 5, line 6) = $27.76. Withhold this amount.

Married

Example 1: Weekly payroll, $400 gross wages, married, 4 exemptions

1. Amount from Table A on page T-38 is $182.75 for married, weekly payroll, 4 exemptions. $400 wages - $182.75 = $217.25 net wages.
2. Use Table II - A on page T-40 for married, weekly payroll. Look up $217.25 and use line 3 on which $217.25 is greater than Column 1 ($167) but less than Column 2 ($288).
3. $217.25 - $167 (from Column 3, line 3) = $50.25.
4. $50.25 x .0310 (from Column 4, line 3) = $1.56.
5. $1.56 + $3.29 (from Column 5, line 3) = $4.85. Withhold this amount.

Example 3: Monthly payroll, $50,000 gross wages, married, 3 exemptions

1. Amount from Table A on page T-38 is $708.20 for married, monthly payroll, 3 exemptions. $50,000 wages - $708.20 = $49,291.80 net wages.
2. Use Table II - D on page T-40 for married, monthly payroll. Look up $49,291.80 and use line 7 on which $49,291.80 is greater than Column 1 ($41,667).
3. $49,291.80 - $41,667 (from Column 3, line 7) = $7,624.80.
4. $7,624.80 x .0425 (from Column 4, line 7) = $324.05.
5. $324.05 + $1,641.75 (from Column 5, line 7) = $1,965.80. Withhold this amount.

Example 2: Semimonthly payroll, $5,000 gross wages, married, 3 exemptions

1. Amount from Table A on page T-38 is $354.10 for married, semimonthly payroll, 3 exemptions. $5,000 wages - $354.10 = $4,645.90 net wages.
2. Use Table II - C on page T-40 for married, semimonthly payroll. Look up $4,645.90 and use line 6 on which $4,645.90 is greater than Column 1 ($2,500).
3. $4,645.90 - $2,500 (from Column 3, line 6) = $2,145.90.
4. $2,145.90 x .0400 (from Column 4, line 6) = $85.84.
5. $85.84 + $87.54 (from Column 5, line 6) = $173.38. Withhold this amount.

Example 4: Daily payroll, $750 gross wages, married, 2 exemptions

1. Amount from Table A on page T-38 is $28.85 for married, daily payroll, 2 exemptions. $750 wages - $28.85 = $721.15 net wages.
2. Use Table II - E on page T-40 for married, daily payroll. Look up $721.15 and use line 6 on which $721.15 is greater than Column 1 ($231.00).
3. $721.15 - $231.00 (from Column 3, line 6) = $490.15.
4. $490.15 x .0400 (from Column 4, line 6) = $19.61.
5. $19.61 + $8.08 (from Column 5, line 6) = $27.69. Withhold this amount.

Section 3. These amendments shall take effect on the day the Notice of Adoption is published in the State Register and shall apply to wages and other compensation subject to withholding paid on or after January 1, 2011.

Dated: Albany, New York
          September 13, 2010

_____
Jamie Woodward
Acting Commissioner and Executive Deputy
Commissioner of Taxation and Finance