

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

Section 671(a)(1), section 1309, section 1329(a), and section 7 of the Model Local Law contained in section 1340(c) 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 New York State personal income tax, City of Yonkers income tax surcharge, City of Yonkers earnings tax on nonresidents, and City of New York personal income tax on residents 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 repeals Appendixes 10 , 10-A, and 10-C of Title 20 NYCRR and enacts new Appendixes 10, 10-A, and 10-C of such Title to provide new New York State, City of Yonkers, and City of New York withholding tables and other methods applicable to wages and other compensation paid on or after January 1, 2006. The amendments reflect the return to tax tables used in 2002 for New York State and the City of New York based on the lapse of revisions of the tax tables and the tax table benefit recapture provided in Chapters 62 and 63 of the Laws of 2003 and the postponement of the expiration of City of New York tax provisions by Chapter 636 of the Laws of 2005. The new tables and other methods for the City of Yonkers also reflect amendments to City of Yonkers local laws increasing the amount of its income tax surcharge and its rate of earnings tax on nonresidents. The rule also reflects the decreases in the New York State and City of New York supplemental withholding tax rates applied to supplemental wage payments and the increase in such rate for the City of Yonkers.