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 makes and adopts as a permanent rule 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 [4.00] <u>4.75</u> 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Calculation Method" (Single, Married, and Examples, respectively), which pages are numbered T-39, T-40, and T-40-A, are REPEALED and new such pages are added to Appendix 10-C of such Title to read as follows: **New York City** Single

Table II - A Weekly Payroll If the amount of net wages (after subtracting deductions and Add the result exemptions) is: Subtract Multiply the to Column 5 L Column 3 result by amount. But less Column 4 Withhold the i At amount from Least than amount resulting sum. net wages n Column 5 Column 1 Column 2 Column 3 Column 4 е 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 1,154 0.0400 6 9,615 1,154 40.40 7 9,615 9,615 0.0475 378.87

Table II - D Monthly Payroll								
	If the amount	of net						
	wages (after s	subtracting						
	deductions ar	nd			Add the result			
	exemptions) i	s:	Subtract	Multiply the	to Column 5			
L			Column 3	result by	amount.			
i	At	But less	amount from	Column 4	Withhold the			
n	Least	than	net wages	amount	resulting sum.			
е	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	0.0475	1,641.75			

	Table II - B Biweekly Payroll									
	If the amoun	t of net								
	wages (after	subtracting								
	deductions a	ind			Add the result					
	exemptions)	is:	Subtract	Multiply the	to Column 5					
L			Column 3	result by	amount.					
i	At	But less	amount from	amount from Column 4						
n	Least	than	net wages	amount	resulting sum.					
е	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	577 0.0370						
5	962	2,308	962	962 0.0390						
6	2,308	19,231	2,308	2,308 0.0400						
7	19,231		19,231	0.0475	757.73					

		1		/		1
-		-				
			Table	II - E Daily I	Payroll	
		If the amount	of net			
		wages (after	subtracting			
sult		deductions an	nd			Add the result
nn 5		exemptions)	s:	Subtract	Multiply the	to Column 5
unt.	L			Column 3	result by	amount.
the	i	At	But less	amount from	Column 4	Withhold the
um.	n	Least	than	net wages	amount	resulting sum.
nn 5	е	Column 1	Column 2	Column 3	Column 4	Column 5
\$0	1	\$0.00	\$31.00	\$0.00	0.0190	\$0
5.85	2	31.00	33.50	31.00	0.0265	0.58
6.58	3	33.50	57.50	33.50	0.0310	0.66
4.08	4	57.50	96.00	57.50	0.0370	1.41
3.31	5	96.00	231.00	96.00	0.0390	2.83
).81	6	231.00	1,923.00	231.00	0.0400	8.08
7.73	7	1,923.00		1,923.00	0.0475	75.77

Table II - C Semimonthly Payroll						Annual Tax Rate Schedule				
If the amount of net					If annual wag	es (after				
wages (after	subtracting					subtracting de	eductions	Subtract		Add the result
deductions a	nd			Add the result		and exemptio	ns) are:	Column 3		to Column 5
exemptions)	is:	Subtract	Multiply the	to Column 5				amount from	Multiply the	amount. The
		Column 3	result by	amount.	L			taxable portion	result by	resulting sum
At	But less	amount from	Column 4	Withhold the	i	At	But less	of annualized	Column 4	is the annualized
Least	than	net wages	amount	resulting sum.	n	Least	than	pay	amount	tax.
Column 1	Column 2	Column 3	Column 4	Column 5	е	Column 1	Column 2	Column 3	Column 4	Column 5
\$0	\$333	\$0	0.0190	\$0	1	\$0	\$8,000	\$0	0.0190	\$0
333	362	333	0.0265	6.33	2	8,000	8,700	8,000	0.0265	152.00
362	625	362	0.0310	7.13	3	8,700	15,000	8,700	0.0310	171.00
625	1,042	625	0.0370	15.25	4	15,000	25,000	15,000	0.0370	366.00
1,042	2,500	1,042	0.0390	30.67	5	25,000	60,000	25,000	0.0390	736.00
2,500	20,833	2,500	0.0400	87.54	6	60,000	500,000	60,000	0.0400	2,101.00
20,833		20,833	0.0475	820.88	7	500,000		500,000	0.0475	19,701.00
	wages (after deductions a exemptions) At Least Column 1 \$0 333 362 625 1,042 2,500	If the amount of net wages (after subtracting deductions and exemptions) is: At But less Least than Column 1 Column 2 \$0 \$333 333 362 362 625 625 1,042 1,042 2,500	If the amount of net wages (after subtracting deductions and exemptions) is: K At But less amount from 1 Column 3 At But less amount from 1 et wages Column 1 Column 2 Column 3 333 362 3333 362 625 362 625 1,042 2,500 1,042 20,833 2,500	If the amount of net wages (after subtracting deductions and exemptions) is:Subtract Multiply the Column 3AtBut less amount fromMultiply the result byAtBut less thanamount fromColumn 1Column 2Column 3Column 1Column 2Column 3\$0\$333\$03333623333623620.03106251,0426251,0422,5001,0422,50020,8332,5000.040020,833	If the amount of net wages (after subtracting deductions and exemptions) is:Add the result to Column 3AtBut less amount fromMultiply the Column 3to Column 5 amount.AtBut less thanamount from net wagesColumn 4Withhold the resulting sum.Column 1Column 2Column 3Column 4Column 5\$0\$333\$00.0190\$03333623330.02656.333626253620.03107.136251,0426250.037015.251,0422,5001,0420.039030.672,50020,8332,5000.040087.54	If the amount of net wages (after subtracting deductions and exemptions) is: Add the result Subtract Multiply the Column 3 to Column 5 Column 3 result by amount. At But less amount from Column 4 Withhold the Least than net wages amount resulting sum. Column 1 Column 2 Column 3 Column 4 Column 5 \$0 \$333 \$0 0.0190 \$0 1 362 625 362 0.0310 7.13 3 625 1,042 625 0.0370 15.25 4 1,042 2,500 1,042 0.0390 30.67 5 2,500 20,833 2,500 0.0400 87.54 6	If the amount of net wages (after subtracting deductions and exemptions) is:Add the result subtractIf annual wag subtracting de and exemptionAtBut less amount fromSubtract Column 3Multiply the result byto Column 5 amount.LAtBut less thanamount from net wagesColumn 4Withhold the resulting sum.iAtBut less thanamount from net wagesColumn 4Withhold the resulting sum.iColumn 1Column 2Column 3Column 4Column 5\$0\$333\$00.0190\$01\$0\$333\$00.0190\$03333623330.02656.333626253620.03107.136251,0426250.037015.251,0422,5001,0420.039030.672,50020,8332,5000.040087.54	If the amount of net wages (after subtracting deductions and exemptions) is:If annual wages (after subtract Column 3If annual wages (after subtracting deductions and exemptions) are:AtBut lessSubtractMultiply the column 4to Column 5 amount.ILAtBut lessamount from net wagesColumn 4Withhold the resulting sum.IAtBut lessColumn 1Column 2Column 3Column 4Column 5ILeastthanColumn 1Column 2Column 3Column 4Column 5ILeastthanSu\$333\$00.0190\$01\$0\$8,0003333623330.02656.3328,0008,70038,70015,0007.1338,70015,0001,0422,5001,0420.039030.67525,00060,0002,50020,8332,5000.040087.54660,000500,000	If the amount of net wages (after subtracting deductions and exemptions) is:Subtract SubtractAdd the result to Column 5 amount.If annual wages (after subtracting deductions and exemptions) are:Subtract Column 3Column 3 result by amount.If annual wages (after subtracting deductions and exemptions) are:Subtract Column 3AtBut less amount fromColumn 4Withhold the resulting sum.IAt LeastBut less thanof annualized n taxable portionColumn 1Column 2Column 3Column 4Column 5IAt LeastBut less thanof annualized payColumn 1Column 2Column 4Column 5IColumn 1Column 2Column 3\$0\$333\$00.0190\$001\$0\$8,000\$003333623330.02656.3331\$0\$0,000\$003333623620.03107.133\$8,70015,000\$8,000415,00025,00015,000\$0,00025,000\$0,000\$25,0001,0422,5001,0420.039030.67\$\$\$25,00060,000\$25,0002,50020,8332,5000.040087.54\$\$\$660,000\$0,000\$60,0002,50020,8332,5000.040087.54\$\$660,000500,000\$60,000415,000500,00060,000500,00060,000500,0	If the amount of net wages (after subtracting deductions and exemptions) is:Subtract SubtractMultiply the to Column 5 result byAdd the result to Column 5 amount.If annual wages (after subtracting deductions and exemptions) are:Subtract Column 3Multiply the result byAtBut less amount from net wagesColumn 4Withhold the resulting sum.IAtBut less amount fromColumn 4Withhold the resulting sum.Column 1Column 2Column 3Column 4Column 5IAtBut lessof annualized amountColumn 4Sub 333Sto0.0190StoILeastthanpayamountSub 333Sto0.0190StoIStoSto0.0190StoStoStoStoStoSto0.0190IStoSto0.0190StoStoStoStoStoStoStoSto0.0190StoIStoSto0.0190StoStoStoStoStoStoStoStoStoSto0.0190StoSto0.0190Sto

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.

T-39 (9/10)

T-40 (9/10)

7

19.231

New York City

Married

Method II Exact Calculation Method

		Tab	le II - A Wee	ekly Payroll			
	If the amoun	t of net					If the amount
	wages (after	subtracting					wages (after
	deductions a	ind			Add the result		deductions a
	exemptions)	is:	Subtract	Multiply the	to Column 5		exemptions)
L			Column 3	result by	amount.	L	
i	At	But less	amount from	Column 4	Withhold the	i	At
n	Least	than	net wages	amount	resulting sum.	n	Least
е	Column 1	Column 2	Column 3	Column 4	Column 5	е	Column 1
1	\$0	\$154	\$0	0.0190	\$0	1	\$0
2	154	167	154	0.0265	2.92	2	667
3	167	288	167	0.0310	3.29	3	725
4	288	481	288	0.0370	7.04	4	1,250
5	481	1,154	481	0.0390	14.15	5	2,083
6	1,154	9,615	1,154	0.0400	40.40	6	5,000
7	9,615		9,615	0.0475	378.87	7	41,667
		Tab	le II - B Biw	eekly Payrol			
	If the amoun	t of net					If the amount
	wages (after	subtracting					wages (after
	deductions a	ind			Add the result		deductions a
	exemptions)	is:	Subtract	Multiply the	to Column 5		exemptions)
L			Column 3	result by	amount.	L	
i	At	But less	amount from	Column 4	Withhold the	i	At
n	Least	than	net wages	amount	resulting sum.	n	Least
е	Column 1	Column 2	Column 3	Column 4	Column 5	е	Column 1
1	\$0	\$308	\$0	0.0190	\$0	1	\$0.00
2	308	334	308	0.0265	5.85	2	31.00
3	334	577	334	0.0310	6.58	3	33.50
4	577	962	577	0.0370	14.08	4	57.50
5	962	2,308	962	0.0390	28.31	5	96.00
6	2,308	19,231	2,308	0.0400	80.81	6	231.00

19.231

0.0475

		Table I		y Payroll	
	If the amount wages (after s	of net		y Payroll	
	deductions an	ıd			Add the result
	exemptions) is	S:	Subtract	Multiply the	to Column 5
L			Column 3	result by	amount.
i	At	But less	amount from	Column 4	Withhold the
n	Least	than	net wages	amount	resulting sum.
е	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	0.0475	1,641.75

	Table II - E Daily Payroll								
	If the amount	of net							
	wages (after	subtracting							
	deductions ar	nd			Add the result				
	exemptions) i	s:	Subtract	Multiply the	to Column 5				
L			Column 3	result by	amount.				
i	At	But less	amount from	Column 4	Withhold the				
n	Least	than	net wages	amount	resulting sum.				
е	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	0.0475	75.77				

	Table II - C Semimonthly Payroll						Annual Tax Rate Schedule				
	If the amount of net						If annual wag	es (after			
	wages (after	subtracting					subtracting d	eductions	Subtract		Add the result
	deductions a	nd			Add the result		and exemption	ons) are:	Column 3		to Column 5
	exemptions)	is:	Subtract	Multiply the	to Column 5				amount from	Multiply the	amount. The
L			Column 3	result by	amount.	L			taxable portion	result by	resulting sum
i	At	But less	amount from	Column 4	Withhold the	i	At	But less	of annualized	Column 4	is the annualized
n	Least	than	net wages	amount	resulting sum.	n	Least	than	pay	amount	tax.
е	Column 1	Column 2	Column 3	Column 4	Column 5	е	Column 1	Column 2	Column 3	Column 4	Column 5
1	\$0	\$333	\$0	0.0190	\$0	1	\$0	\$8,000	\$0	0.0190	\$0
2	333	362	333	0.0265	6.33	2	8,000	8,700	8,000	0.0265	152.00
3	362	625	362	0.0310	7.13	3	8,700	15,000	8,700	0.0310	171.00
4	625	1,042	625	0.0370	15.25	4	15,000	25,000	15,000	0.0370	366.00
5	1,042	2,500	1,042	0.0390	30.67	5	25,000	60,000	25,000	0.0390	736.00
6	2,500	20,833	2,500	0.0400	87.54	6	60,000	500,000	60,000	0.0400	2,101.00
7	20,833		20,833	0.0475	820.88	7	500,000		500,000	0.0475	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.

757.73

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	Example 3: Monthly payroll, \$50,000 gross wages, single, 3 exemptions						
 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. 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). \$246.10 - \$167(from Column 3, line 3) = \$79.10. \$79.10 x .0310 (from Column 4, line 3) = \$2.45. \$2.45 + \$3.29 (from Column 5, line 3) = \$5.74. Withhold this amount. 	 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. 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). \$49,333.40 - \$41,667 (from column 3, line 7 = \$7,666.40. \$7,666.40 x .0475 (from Column 4, line 7) = \$364.15. \$364.15 + \$1,641.75 (from Column 5, line 7) = \$2,005.90. Withhold this amount. 						
Example 2: Semimonthly payroll, \$5,000 gross wages, single, 1 exemption	Example 4: Daily payroll, \$750 gross wages, single, 2 exemptions						
 Amount from Table A on page T-38 is \$250 for single, semimonthly payroll, 1 exemption. \$5,000 wages - \$250 = \$4,750 net wages. 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). \$4,750 - \$2,500 (from Column 3, line 6) = \$2,250. \$2,250 x .0400 (from Column 4, line 6) = \$90. \$90.00 + \$87.54 (from Column 5, line 6) = \$177.54. Withhold this amount. 	 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. 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). \$723.05 - \$231.00 (from Column 3, line 6) = \$492.05. \$492.05 x .0400 (from Column 4, line 6) = \$19.68. \$19.68 + \$8.08 (from Column 5, line 6) = \$27.76. Withhold this amount. 						
Marr	ied						
Example 1: Weekly payroll, \$400 gross wages, married, 4 exemptions	Example 3: Monthly payroll, \$50,000 gross wages, married, 3 exemptions						
 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. 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). \$217.25 - \$167 (from Column 3, line 3) = \$50.25. \$50.25 x .0310 (from Column 4, line 3) = \$1.56. \$1.56 + \$3.29 (from Column 5, line 3) = \$4.85. Withhold this amount. 	 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. 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). \$49,291.80 - \$41,667 (from Column 3, line 7) = \$7,624.80. \$7,624.80 x .0475 (from Column 4, line 7) = \$362.18. \$362.18 + \$1,641.75 (from Column 5, line 7) = \$2,003.93. Withhold this amount. 						
Example 2: Semimonthly payroll, \$5,000 gross wages, married, 3 exemptions	Example 4: Daily payroll, \$750 gross wages, married, 2 exemptions						
 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. 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). \$4,645.90 - \$2,500 (from Column 3, line 6) = \$2,145.90. \$2,145.90 x .0400 (from Column 4, line 6) = \$85.84. \$85.84 + \$87.54 (from Column 5, line 6) = \$173.38. Withhold this amount. 	 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. 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). \$721.15 - \$231.00 (from Column 3, line 6) = \$490.15. \$490.15 x .0400 (from Column 4, line 6) = \$19.61. \$19.61 + \$8.08 (from Column 5, line 6) = \$27.69. Withhold this amount. 						

T-40-A (9/10)

Section 3. These amendments shall take effect on the date the Notice of Adoption is published in the <u>State Register</u>, provided that the amendments previously adopted as an emergency measure apply to wages and other compensation subject to withholding paid on or after September 1, 2010.

Dated: Albany, New York October 22, 2010

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