
Ohio Department of Administrative Services
Bob Taft, *Governor*
Carol Nolan Drake, *Director*

Human Resources Division
29th Floor
30 East Broad Street
Columbus, Ohio 43215-3414

614.466.6915 voice
614.466.5127 fax



January 24, 2006

Payroll Letter 894
Supersedes Payroll Letter 444

To: HR Administrators, Payroll Officers, Personnel Officers, Fiscal Officers,
Labor Relations Officers, and EEO Officers of All Departments,
Institutions, Boards and Commissions

From: Dan R. Parks, State Payroll Administrator

Subject: State Withholding Taxes for 2006

The Ohio Department of Taxation announced a change to the State withholding tax tables for 2006. As indicated, a change in withholding tables is expected each of the next four years to accommodate a 21% income tax rate reduction that is to be phased in evenly over a five-year period. The following percentage method withholding tables are effective pay period ending 1/21/2006 for biweekly delayed payrolls, and pay period ending 2/4/2006 for biweekly current payrolls. The flat rate for wage withholding for supplemental wage (lump sum) payments remains 3.5%.

State withholding taxes are computed on the employees' gross pay, less:

- The number of exemptions claimed times the exemption amount
 - Bi-weekly payroll, deduct \$25.00 per exemption claimed
 - Monthly payroll, deduct \$54.17 per exemption claimed
- Employee's share of retirement
- Employee's share of hospitalization
- Deferred compensation amount
- Dependent Care Spending Account (DCB/DCM deductions)
- Health Care Spending Account (HSA/HSF deductions)
- Pre-tax commuter (QTP deductions) and parking benefits
- Gross inflating items which may not be subject to state tax including:
 - \$3.00 a day commute policy
 - Moving expenses
 - Group Term Life Insurance exceeding \$50,000

Biweekly Payroll

<u>Earnings</u>			<u>Amount of Withholding</u>
<u>Over</u>	<u>But Not Over</u>		
\$0	\$192.30		.774% of such amount
\$192.30	\$384.60	\$1.49	plus 1.547% of excess over \$192.30
\$384.60	\$576.90	\$4.46	plus 3.094% of excess over \$384.60
\$576.90	\$769.20	\$10.41	plus 3.868% of excess over \$576.90
\$769.20	\$1538.40	\$17.85	plus 4.642% of excess over \$769.20
\$1538.40	\$3076.80	\$53.56	plus 5.416% of excess over \$1538.40
\$3076.80	\$3846.00	\$136.88	plus 6.189% of excess over \$3076.80
\$3846.00		\$184.49	plus 7.736% of excess over \$3846.00

Monthly Payroll

<u>Earnings</u>			<u>Amount of Withholding</u>
<u>Over</u>	<u>But Not Over</u>		
\$0	\$416.66		.774% of such amount
\$416.66	\$833.32	\$3.22	plus 1.547% of excess over \$416.66
\$833.32	\$1249.98	\$9.67	plus 3.094% of excess over \$833.32
\$1249.98	\$1666.64	\$22.56	plus 3.868% of excess over \$1249.98
\$1666.64	\$3333.28	\$38.68	plus 4.642% of excess over \$1666.64
\$3333.28	\$6666.56	\$116.05	plus 5.416% of excess over \$3333.28
\$6666.56	\$8333.20	\$296.58	plus 6.189% of excess over \$6666.56
\$8333.20		\$399.73	plus 7.736% of excess over \$8333.20

If you have any questions, please contact HRD Payroll Support at (614) 466-2944.

DRP/drp