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October 2, 2006

**Payroll Letter 904**  
Supersedes Payroll Letter 894

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 - Update

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The Ohio Department of Taxation recently announced a change to the State withholding tax effective October 1, 2006. The enclosed percentage method withholding tables reflect a reduction of 8.4% and are effective pay period ending 9/30/2006 for biweekly delayed payrolls, and pay period ending 10/14/2006 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**

<b><u>Earnings</u></b>			<b><u>Amount of Withholding</u></b>
<b><u>Over</u></b>	<b><u>But Not Over</u></b>		
\$0	\$192.30		.706% of such amount
\$192.30	\$384.60	\$1.36	plus 1.412% of excess over \$192.30
\$384.60	\$576.90	\$4.08	plus 2.823% of excess over \$384.60
\$576.90	\$769.20	\$9.51	plus 3.529% of excess over \$576.90
\$769.20	\$1538.40	\$16.30	plus 4.235% of excess over \$769.20
\$1538.40	\$3076.80	\$48.88	plus 4.941% of excess over \$1538.40
\$3076.80	\$3846.00	\$124.89	plus 5.646% of excess over \$3076.80
\$3846.00		\$168.32	plus 7.058% of excess over \$3846.00

### **Monthly Payroll**

<b><u>Earnings</u></b>			<b><u>Amount of Withholding</u></b>
<b><u>Over</u></b>	<b><u>But Not Over</u></b>		
\$0	\$416.66		.706% of such amount
\$416.66	\$833.32	\$2.94	plus 1.412% of excess over \$416.66
\$833.32	\$1249.98	\$8.82	plus 2.823% of excess over \$833.32
\$1249.98	\$1666.64	\$20.58	plus 3.529% of excess over \$1249.98
\$1666.64	\$3333.28	\$35.28	plus 4.235% of excess over \$1666.64
\$3333.28	\$6666.56	\$105.86	plus 4.941% of excess over \$3333.28
\$6666.56	\$8333.20	\$270.56	plus 5.646% of excess over \$6666.56
\$8333.20		\$364.66	plus 7.058% of excess over \$8333.20

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

DRP/drp