



January 2, 2008

**Payroll Letter 920**  
Supersedes Payroll Letter 904

To: Agency HR Specialists, Payroll Specialists, Budget Specialists, Benefits Specialists, Labor Relations Specialists, and Regulatory Requirements Specialists of All Departments, Institutions, Boards and Commissions

From: Dan R. Parks, State Payroll Administrator

Subject: State Withholding Taxes for 2008

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The Ohio Department of Taxation announced a change to the State withholding tax effective January 1, 2008. The enclosed annual percentage method withholding table reflects a reduction of 4.2% from 2007. The calculation for state withholding tax is as follows: Employees' gross pay, less:

- The number of exemptions (allowances) 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 (RETIRE deductions)
- Employee's share of hospitalization (HEALTH deductions)
- Deferred compensation amount (DEFCMP deductions)
- Dependent Care Spending Account (DCBBEN deductions)
- Health Care Spending Account (FLXHSA deductions)
- Pre-tax commuter and parking benefits (TRNSTP and COMQTP deductions)
- Gross inflating items which may not be subject to federal tax including:
  - Group Term Life Insurance exceeding \$50,000 (GPLIFE deductions)
  - \$3.00 a day commute policy (CARTX TRC Code)
  - Moving expenses

Result is the calculated pay period state taxable gross. Using this figure, determine an annual salary by multiplying by 26 if paid biweekly, or 12 if paid monthly. Next, using the calculated annual amount, reference the appropriate table below to determine State income tax. Finally, divide the tax amount by 26 or 12 to derive at the pay period withholding tax amount. The results of these computations are rounded to the nearest penny. Note - The flat rate for wage withholding for supplemental wage (lump sum) payments remains 3.5%.

**Annual Payroll Period**

<b>Annual Earnings</b>		<b><u>Amount of Withholding Tax</u></b>
<b><u>Over</u></b>	<b><u>But Not Over</u></b>	
\$0	\$5,000	0.672% of such amount
\$5,000	\$10,000	\$33.60 plus 1.344% of excess over \$5,000
\$10,000	\$15,000	\$100.80 plus 2.687% of excess over \$10,000
\$15,000	\$20,000	\$235.15 plus 3.360% of excess over \$15,000
\$20,000	\$40,000	\$403.15 plus 4.031% of excess over \$20,000
\$40,000	\$80,000	\$1,209.35 plus 4.703% of excess over \$40,000
\$80,000	\$100,000	\$3,090.55 plus 5.375% of excess over \$80,000
\$100,000		\$4,165.55 plus 6.718% of excess over \$100,000

For questions, please contact DAS HRD HCM Support at 1 (800) 409-1205 or email [DASHRDHCMSupport@das.state.oh.us](mailto:DASHRDHCMSupport@das.state.oh.us).

DRP/drp