



January 26, 2009

Payroll Letter 932
Supersedes Payroll Letter 920

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: David S. Holbrook, HCM Administrator

Subject: State Withholding Taxes for 2009

The Ohio Department of Taxation announced a change to the State withholding tax for 2009. The enclosed annual percentage method withholding table reflects a reduction of 4.2% from 2008. These rates will be reflected on the January 30th payday.

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

Annual Earnings		<u>Amount of Withholding Tax</u>
<u>Over</u>	<u>But Not Over</u>	
\$0.00	\$5,000	0.638% of such amount
\$5,000	\$10,000	\$31.90 plus 1.276% of excess over \$5,000.00
\$10,000	\$15,000	\$95.70 plus 2.552% of excess over \$10,000.00
\$15,000	\$20,000	\$223.30 plus 3.190% of excess over \$15,000.00
\$20,000	\$40,000	\$382.80 plus 3.328% of excess over \$20,000.00
\$40,000	\$80,000	\$1,148.40 plus 4.466% of excess over \$40,000.00
\$80,000	\$100,000	\$2,934.80 plus 5.103% of excess over \$80,000.00
\$100,000		\$3,955.40 plus 6.379% of excess over \$100,000.00

*Note: The tax table is set up for 26 pay period ending dates of 2009.

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

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