

WITHHOLDING TAX UPDATE

2003-1

DECEMBER 2003

Fax (608) 267-1030 • E-Mail: Sales10@dor.state.wi.us • www.dor.state.wi.us

IMPORTANT NOTICE

Employers and preparers must continue to use the Wisconsin Employer Identification Number for withholding reports and payments; not the 15 digit Integrated Tax System number. In November 2002 the Department of Revenue began using the first phase of the new Integrated Tax System (ITS). ITS assigns a unique 15 digit tax account number to all employers registering for a Wisconsin Employer Identification Number (WEIN). All employers holding a WEIN at the time of ITS implementation were also assigned a 15 digit ITS number. Withholding tax is scheduled to be integrated during phase 3, several years from now. Whether you file and pay using paper coupons or the EFT method, until complete withholding tax functionality is available on ITS for deposit and billing purposes, it is important the employers and preparers continue to use the assigned WEIN and not the 15 digit ITS number for withholding tax.

Please use the WEIN or filing number on all W-2 Forms. The WEIN or filing number is six digits long with an additional check digit. Using the 15 digit ITS Tax Account Number on Employe W-2 forms will make it impossible for employees to file their income tax electronically as the electronic filing system requires the use of the 6 digit WEIN or filing number.

ANNUAL RECONCILIATION OF WISCONSIN INCOME TAX WITHHELD FROM WAGES FOR 2003

All employers holding an active Wisconsin Employer Identification Number (WEIN) will be mailed a pre-printed Employers Annual Reconciliation of Wisconsin Income Tax Withheld from Wages, Form WT-7 during the month of December. The Form WT-7 for 2003 is due January 31, 2004. If you do not receive your pre-printed Employers Annual Reconciliation of Wisconsin Income Tax Withheld from Wages, Form WT-7, you may use the electronic fill-in form at: <http://www.dor.state.wi.us/forms/with/w-107f.pdf>. It is important to use either the pre-printed Form WT-7 or the electronic fill-in form since the Department of Revenue is now using electronic processing for Form WT-7. Handwritten forms can significantly delay processing and also increase the costs of processing. Please remember to use your six digit Wisconsin Employer Identification Number on all W-2 forms. Do not use the new 15 digit ITS number.

MAKE YOUR W-2 FORMS SCANNER FRIENDLY

To provide fast and accurate income tax processing the Department of Revenue uses scanner technology to capture W-2 information. The Department of Revenue is requesting that employers NOT use carbon copied W-2 forms including NCR. Carbon and NCR copied W-2 forms do not scan well.

The preferred format for a W-2 is the IRS approved format visible on the IRS web page: www.irs.gov. The IRS format is 8.5" by 5.5 inches and can easily be imaged by production scanners. All information on the W-2 should be printed as large as possible within each space allotment and should not be printed over preprinted information on the form. Always complete the form using black ink. If you have questions call (608) 261-6223.

DWD NEW HIRE REPORTING REMINDER

Please remember: All newly hired employees and all employees returning to work after an unpaid absence of 90 days or more must be reported to the Department of Workforce Development within 20 days of starting work.

Convenient Reporting Options

Internet Reporting:

- <http://www.dwd.state.wi.us/uinh>
 - Secure and Password Protected
 - Key individual reports or send an entire file
 - Choose to receive an e-mail confirmation

Diskettes or Magnetic Tape:

- Electronic File format available at: www.dwd.state.wi.us/uinh/formats.htm
- Or call toll free 1-888-300-4473

Paper:

- Toll Free Fax 1-800-277-8075
- Download a copy of the WT-4 at: www.dor.state.wi.us/html/taxwith.html

If you would like more information, call the New Hire Processing Center toll free at 1-888-300-4473.

CURRENT WITHHOLDING TAX RATES TO APPLY FOR 2004

The current withholding tax rates will continue for 2004. The current rates are found in the "Wisconsin Employer's Withholding Tax Guide", Publication W-166 for payroll periods beginning on or after July 1, 2000. A copy is available on the department's web site at www.dor.state.wi.us or by contacting the department at (608) 261-1961.

ELECTRONIC FUNDS TRANSFER REQUIRED FOR SOME TAXPAYERS'

The department is continuing notification to taxpayers who make large tax deposits that they have been mandated to pay by electronic funds transfer (EFT). The EFT method is also available on a voluntary basis for employers not mandated to pay electronically. To receive EFT registration information, send your request to EFT UNIT, PO BOX 8912, Madison, WI 53708-8912 or call (608) 264-9918 for information.

MAILING DATES FOR COUPON BOOKLETS

The Withholding Tax Deposit Coupon Booklets for the year 2004 will be mailed early in 2004. Semi-monthly filers should receive their booklet by January 24th. Monthly and quarterly filers should receive their booklet by February 7th. If these dates have passed and you have not received your coupon booklet, please call the department at (608) 266-2776 to request a replacement. Please refrain from contacting our office prior to those dates. Please retain your 2003 coupon booklet until you receive your new one. There are two blank coupons that can be used if you do not receive your year 2004 booklet in time to make the first deposit. NOTE: Employers using EFT or certain payroll services will not receive a coupon booklet for 2004.

WORKING FAMILIES TAX CREDIT CERTIFICATES MUST BE RENEWED

Employers that have employees who have given them a Certificate of Exemption from Wisconsin Withholding for 2003 because of the Working Families Tax Credit (Form WT-4B) should note that the certificates expire on December 31, 2003. To be exempt from withholding tax in the year 2004, employees must file a new certificate with their employer. To obtain a supply of this exemption certificate, call (608) 266-1961 or visit our web site at www.dor.state.wi.us.

FILING FORMS ON MAGNETIC MEDIA FOR WISCONSIN

Persons who are required to file federal wage statements and information returns on magnetic media with the Internal Revenue Service (IRS), must also file comparable forms in the same manner with the Wisconsin Department of Revenue. "Magnetic media" are the means (such as magnetic tape, cartridge, diskette, or CD ROM) an employer or payer uses to convey information for processing by computer, rather than conveying the information on paper.

If required to submit W-2 data to the department of Revenue electronically, there is now an electronic file transfer site available. Note: 9 track tape magnetic will no longer be accepted. See publication 509 or check the Business section of the Department of Revenue web site: www.dor.state.wi.us.

EFT FILERS DID YOU KNOW?

- You must submit an EFT withholding report for your **assigned reporting period**, even if there is no tax due for that period. Follow the instructions that were provided for your method of EFT reporting, to report "zero."
- There is a \$30.00 late filing fee for all late filed EFT withholding reports.
- You no longer need to continue filing paper form WT-6 (from your coupon book) once you begin to report your withholding

tax by EFT. Your EFT report (and payment when a payment is due) replaces the paper WT-6 coupon completely.

- Withholding bills for late fees, penalties or interest cannot be paid by EFT at this time. Payments for these items must be made with a paper check.
- EFT filers no longer receive WT-6 coupon books for making withholding reports. If you have a name or address changes, discontinue your business, or have any other changes to report, you may contact the department in any of these ways:
 1. Call: (608) 266-2776
 2. E-mail: sales10@dor.state.wi.us, or
 3. Write to:

Wisconsin Department of Revenue
Taxpayer Registration, Mail Stop 5-77
PO Box 8902
Madison WI 53708-8902
- A **paper** annual reconciliation (Form WT-7) will be **mailed** to EFT filers at the end of a calendar year, and must be mailed back by January 31 of the following year, or there will be a \$30.00 late fee.

WT-6 FILERS DID YOU KNOW?

- You must file a Form WT-6 Withholding Tax Deposit Report even if there is no tax due for a reporting period.
- Including correspondence with or making extra notations on your WT-6 coupon significantly slows processing time of your deposit report and increases the cost to process your WT-6 deposit report. Use the pink Information Correction Form in your WT-6 coupon booklet to notify the department of changes or send correspondence to: Wisconsin Department of Revenue, PO BOX 8902, Madison WI 53708-8902.

WHERE TO DIRECT QUESTIONS

General Withholding Questions (608) 266-2776

Wisconsin Department of Revenue
Mail Stop 5-77
PO Box 8902
Madison WI 53708-8902

Email: sales10@dor.state.wi.us

Mail magnetically filed forms, transmittal letters, and Form WT-7s; requests for magnetic media specifications; and copies of IRS approvals for participation in the Combined Federal/State Filing Program to:

Wisconsin Department of Revenue
Data Center Magnetic Media Coordinator
Mail Stop 2-232B
PO Box 8903
Madison WI 53708-8903

Electronic Funds Transfer (608) 264-9918

Wisconsin Department of Revenue
EFT Unit - Mail Stop 3-14
PO Box 8912
Madison WI 53708-8912

Email: eft@dor.state.wi.us

TDD (608) 267-1049