



OFFICE OF THE COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
TALLAHASSEE
32399-0350

ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

June 22, 2001

IN REPLY REFER TO
DBFBP 01-17

TO: Agencies Addressed

FROM: Diana Flagg, Chief
Bureau of State Payrolls

SUBJECT: Federal Income Tax Withholding Rates and
Retirement Contribution Rates - July 1, 2001

The 2001 Florida Legislature revised the Florida Retirement System (FRS) retirement contribution rates, effective July 1, 2001. The Economic Growth and Tax Relief Reconciliation Act of 2001 revised income tax withholding rates and tables for wages paid after June 30, 2001.

The Payroll Preparation Manual has been updated to include the revised withholding and retirement contribution rates; refer to Volume IV, Section 3. The payroll manual is available on the Comptroller's website at www.dbf.state.fl.us by going to Accounting & Auditing, and then Bureau of State Payrolls. The Comptroller's payroll system is being modified to use the new withholding and retirement contribution rates, effective with payrolls paid after June 30, 2001.

Internal Revenue Service (IRS) Publication 15-T, New Withholding Tables for 2001, contains the revised withholding rates and tables as well as other employer information. The publication may be obtained from the IRS at www.irs.gov or telephone 1-800-829-3676.

Publication 15-T includes a "Notice to Employees" on page 63 that employers are to make available to employees so that they will be aware of how the new law affects their withholdings. A copy of the notice is attached for your convenience. Employees that do not want their withholding reduced may file a new Form W-4, Employee's Withholding Allowance Certificate. Form W-4 is not being revised.

The following additional information contained in Publication 15-T should be noted by employing agencies:

- Supplemental Wages - Effective for wages paid after August 6, 2001, the supplemental wage flat withholding rate is decreased to 27.5%. The Comptroller's payroll system is being modified to use the revised rate effective with payrolls paid after August 6, 2001.
- Backup Withholding - Effective for payments after August 6, 2001, the backup withholding rate is decreased to 30.5%.
- The Advance Earned Income Credit Payment Tables are not being revised.

Should you have any questions concerning the revised withholding and retirement contribution rates, please contact Ernest Thompson at 850-410-9432, SUNCOM 210-9432, or email ethompso@mail.dbf.state.fl.us.

DF/ET:kw

Attachment: Notice to Employees

