

DATE: July 08, 2013

SUBJECT: New Minnesota Tax Withholding Tier

Legislation passed in May 2013 established a new personal income tax bracket. This new top tier applies a 9.85 percent rate to taxable income above:

- \$250,000 for married people who file a joint return, or qualifying widows(ers),
- \$125,000 for married people who file separate returns,
- \$200,000 for heads of households, and
- \$150,000 for single people.

NOTE: There is no change to the three existing withholding levels.

The July 12, 2013 paycheck is the first check that will reflect this withholding change. However, the new bracket is effective January 1, 2013 and **applies to all wages paid in 2013**. Since the new withholding tables and formula were not available until June 2013, some employees may owe tax when they file their 2013 Minnesota income tax return next year.

IMPORTANT: Employees who expect to be affected by the new 9.85 percent bracket may want to have additional Minnesota tax withheld from their wages. This can be done directly in Self Service or by completing a paper W-4MN form and submitting it to their HR/Payroll office. Another alternate is for employees to make estimated income tax payments to the Department of Revenue to ensure they have enough credit to offset the tax due on their 2013 income tax return.

If you have questions about this information, please contact your Human Resources or Payroll office. You can obtain contact information from within Self Service: under **Need Assistance?**, select **Employee Contacts**.