

# NEW ARIZONA INCOME TAX WITHHOLDING RATES EFFECTIVE FOR WAGES PAID AFTER JUNE 30, 2010

Senate Bill 1185 (Laws 2009, 1st Regular Session, Chapter 2) amended the amounts required to be withheld for Arizona income tax withholding purposes. For wages paid after June 30, 2010, the amount of State income tax required to be withheld will no longer be a percentage of federal withholding, but a percentage of gross taxable wages. Employees should review their specific situation to ensure they make an appropriate selection for Arizona withholding.

<b>OLD RATES</b> % of federal withholding <u>Jan-June 2010</u>	<b>NEW RATES</b> % of gross taxable wages <u>starting July 2010</u>	
0%	0%	* See Note 1
10.7%	1.3%	* See Note 2
20.3%	1.8%	
24.5%	2.7%	
26.7%	3.6%	
33.1%	4.2%	
39.5%	5.1%	
* Note 1: Option only available if you had no tax liability last year and do not expect to have any tax liability this year.		
* Note 2: Option not available if your annual compensation is \$15,000 or more.		

- All employees are required to submit a new A-4. A worksheet on the back of the A-4 FORM can guide you in selecting an appropriate option. Along with a percentage election, you can specify an additional amount to be withheld per paycheck.
- You can download the new A-4 FORM from the YES website at: <http://yes.az.gov>. See Employee News, Arizona Tax Withholding Notice.
- A-4 FORMS are due to your Agency Payroll or Personnel office by **June 15, 2010** in order to give them time to process your form before the deadline.