

EMPLOYERS: Use either the **withholding calculation rules** on this page or the **withholding tables** (Pages 3 through 10) to determine the amount of tax to be withheld from the wages of employees. **There is no percentage method available for determining Connecticut withholding.**

Withholding Calculation Rules - Effective January 1, 2004

The following steps will determine the amount of Connecticut income tax to be withheld from an employee's wages:

- | <u>STEP</u> | <u>ACTION</u> | <u>STEP</u> | <u>ACTION</u> |
|-------------|---|-------------|--|
| 1. | Determine the employee's wage per pay period. | 8. | Using annualized salary (Step 3) and withholding code (Step 4), determine decimal amount from TABLE B - PERSONAL TAX CREDITS (see Page 2). |
| 2. | Determine the number of pay periods in a year (for example, 52, 26, 24, 12). | 9. | Multiply initial withholding amount (Step 7) by 1.00 minus the decimal amount (for example, 1.00 - .14 = .86). |
| 3. | Determine annualized salary (Multiply Step 1 by Step 2). | 10. | Determine withholding amount per pay period (Divide Step 9 by Step 2). |
| 4. | Determine employee's withholding code (A, B, C, D, or F from Line 1 of Form CT-W4). | 11. | Determine additional withholding amount per pay period (Line 2 from Form CT-W4). |
| 5. | Using annualized salary (Step 3) and withholding code (Step 4), determine exemption amount from TABLE A - EXEMPTIONS (see Page 2).
Note: The personal exemption is reduced in increments of \$1,000. For example, an employee with withholding code "F" and an annualized salary of \$25,275 receives an \$11,625 exemption. | 12. | Determine reduced withholding amount per pay period (Line 3 from Form CT-W4). |
| 6. | Determine annualized taxable income (Subtract Step 5 from Step 3).
Note: If annualized taxable income (Step 6) is equal to or less than zero, the initial withholding amount should equal zero. Proceed to Step 11. | 13. | Determine total withholding amount per pay period (Add Step 10 and Step 11) or (Subtract Step 12 from Step 10).
Note: For withholding rules for supplemental compensation (such as bonuses, commissions, overtime pay, sales awards, etc.), refer to <i>Supplemental Compensation</i> on Page 12. For withholding rules on one-time or miscellaneous payments refer to <i>Withholding for Daily/Miscellaneous Amounts</i> on Page 11 and substitute 5.0% (.05) for the 4.5% (.045) tax rate. |
| 7. | Determine initial withholding amount from table below: | | |

WITHHOLDING CODE: A, D, or F	WITHHOLDING CODE: B	WITHHOLDING CODE: C
<p>If the amount from Step 6 is less than or equal to \$10,000:</p> <p style="padding-left: 20px;">Multiply the amount from Step 6 by .03.</p> <p>If the amount from Step 6 is more than \$10,000:</p> <p style="padding-left: 20px;">Multiply the excess over \$10,000 by .05 and add \$300.00.</p>	<p>If the amount from Step 6 is less than or equal to \$16,000:</p> <p style="padding-left: 20px;">Multiply the amount from Step 6 by .03.</p> <p>If the amount from Step 6 is more than \$16,000:</p> <p style="padding-left: 20px;">Multiply the excess over \$16,000 by .05 and add \$480.00.</p>	<p>If the amount from Step 6 is less than or equal to \$20,000:</p> <p style="padding-left: 20px;">Multiply the amount from Step 6 by .03.</p> <p>If the amount from Step 6 is more than \$20,000:</p> <p style="padding-left: 20px;">Multiply the excess over \$20,000 by .05 and add \$600.00.</p>
<p>For example: If the amount from Step 6 is \$10,000 and the withholding code is "F", the initial withholding amount equals \$300.00 (\$10,000 x .03 = \$300.00).</p> <p>If the amount from Step 6 is \$15,710 and the withholding code is "F", the initial withholding amount equals \$585.50 (\$15,710 - \$10,000 = \$5,710. \$5,710 x .05 = \$285.50. \$285.50 + \$300.00 = \$585.50).</p>		