NOTICE TO EMPLOYERS
NEW WITHHOLDING RATES EFFECTIVE OCTOBER 1, 2009
(P.L. 2009, c. 69)

Recent tax legislation increases the New Jersey gross income tax rates for all taxpayers with gross income over $400,000. The increase applies to the entire 2009 tax year.

Because of the increase in tax rates, new withholding rates are required. The withholding rates have been adjusted to take into account that the new tax rates apply for the entire 2009 tax year. However, the withholding rate is capped at 12%. Thus, all employers are required to withhold at the rate of 12% from salaries, wages and other remuneration paid in excess of $400,000 during the remainder of 2009. This new rate takes effect immediately and must be instituted by all employers no later than October 1, 2009. On January 1, 2010, the withholding rate will revert back to the prior rate.

Two sets of revised withholding tables for the percentage method of withholding are included with this notice. One table is for October 1, 2009 through December 31, 2009 and the second table is for January 1, 2010 and forward.

The percentage method computation rates in Tables A through E are for weekly, biweekly, semimonthly, monthly, daily or miscellaneous, and annual pay periods. If you have a pay frequency other than those provided, divide the amount of tax to be withheld under the Annual Pay Period column for each rate table (but not the withholding percentage rate) by the number of pay periods in the year.

If you have questions about your responsibilities as an employer, call the Division's Customer Service Center at 609-292-6400 or e-mail us at nj.taxation@treas.state.nj.us.