

Employers: Use either the withholding calculation rules below or the withholding tables to determine the amount of tax to be withheld from the wages of employees. There is **no percentage method available** to determine Connecticut withholding.

Withholding Calculation Rules
Effective January 1, 2009
As Affected by Conn. Pub. Act 09-3 (June Spec. Sess.)

Use the steps below to determine the amount of Connecticut income tax to be withheld from an employee's wages.

Step

1. Determine the employee's wages per pay period.
2. Determine the number of pay periods in a year (for example: 52, 26, 24, 12).
3. Determine the annualized salary. Multiply Step 1 by Step 2.
4. Determine the employee's withholding code (A, B, C, D, or F from Line 1 of Form CT-W4).
5. Using the annualized salary (Step 3) and withholding code (Step 4), determine the exemption amount from **Table A - Exemptions**.

The personal exemption amount is reduced in increments of \$1,000. For example, an employee with withholding code "F" and an annualized salary of \$26,000 receives an exemption of \$13,000.

6. Determine the annualized taxable income.* Subtract Step 5 from Step 3.

If the annualized taxable income is equal to or less than zero, the initial withholding amount should equal zero. Proceed to Step 11.

*In determining the annualized taxable income, include any supplemental compensation previously paid or anticipated to be paid before the end of the year.

Step

7. Determine the initial withholding amount from the table below.
8. Using the annualized salary (Step 3) and withholding code (Step 4), determine the decimal amount from **Table B - Personal Tax Credits**.
9. Multiply the initial withholding amount (Step 7) by 1.00 minus the decimal amount (Example: 1.00 - .15 = .85).
10. Determine the withholding amount per pay period. Divide Step 9 by Step 2.
11. Determine the additional withholding amount per pay period, if any, from Line 2 of Form CT-W4.
12. Determine the reduced withholding amount per pay period, if any, from Line 3 of Form CT-W4.
13. Determine the total withholding amount per pay period. Add Step 10 and Step 11 **or** subtract Step 12 from Step 10.

For withholding rules for supplemental compensation (such as bonuses, commissions, overtime pay, sales awards, etc.), refer to *Supplemental Compensation* on Page 15 of **Informational Publication 2009(1), Employer's Tax Guide - Circular CT**. For withholding rules on onetime or miscellaneous payments, refer to *Withholding for Daily or Miscellaneous Amounts* on Page 14 of IP 2009(1).

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: Multiply the amount from Step 6 by .03.</p> <p>If the amount from Step 6 is more than \$10,000, but less than or equal to \$500,000: Multiply the excess over \$10,000 by .05 and add \$300.</p> <p>If the amount from Step 6 is more than \$500,000: Multiply the excess over \$500,000 by .065 and add \$24, 800.</p>	<p>If the amount from Step 6 is less than or equal to \$16,000: Multiply the amount from Step 6 by .03.</p> <p>If the amount from Step 6 is more than \$16,000, but less than or equal to \$800,000: Multiply the excess over \$16,000 by .05 and add \$480.</p> <p>If the amount from Step 6 is more than \$800,000: Multiply the excess over \$800,000 by .065 and add \$39,680.</p>	<p>If the amount from Step 6 is less than or equal to \$20,000: Multiply the amount from Step 6 by .03.</p> <p>If the amount from Step 6 is more than \$20,000, but less than or equal to \$1,000,000: Multiply the excess over \$20,000 by .05 and add \$600.</p> <p>If the amount from Step 6 is more than \$1,000,000: Multiply the excess over \$1,000,000 by .065 and add \$49,600.</p>
<p>To determine the amount of tax that should be withheld for employees that are subject to the revised 2009 withholding tax rates, calculate the tax due for the annualized taxable income (Step 6). Subtract the withholding tax already withheld and divide the balance due for the remainder of the year by the number of pay periods remaining for 2009.</p>		