



Subject: County Income Tax Rates

Since several Indiana counties have increased their county tax rates the past few years, it's important that accurate county taxes be withheld from payrolls during 2010. **A quick review of county income tax withholding rules is as follows:**

- ✓ **Where did the employee reside and work on New Year's Day? Answers to these questions on Form WH-4 establishes an employee's county tax withholding rate for the entire year. Generally, county income tax should be withheld based on each employee's county of residence on New Year's Day of each year;**
- ✓ If an employee resides in Lake County (the only Indiana county which has not adopted county tax) or out-of-state on January 1, 2010, but works in another Indiana county on New Year's Day, the employee's county tax withholding should be based on the county's "non-resident" tax rate (generally a lower rate); and
- ✓ If an employee both lives and works outside Indiana on New Year's Day, they are not subject to county tax for the entire year even if they move to Indiana county on January 2.

An employer should request a new Indiana Form WH-4 from every employee who is currently on the payroll. Make sure AccuPay receives a copy of Form WH-4 for every employee currently on your payroll or that you hire during 2010.

If you need a complete list of Indiana county tax rates, call AccuPay at 885-7600. You can also download both WH-4 forms and a county tax rate table by clicking on "Forms & Downloads" at www.accupay.com.

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