



---

## How Indiana County Taxes Work

In Indiana, it's important to review your employees' county tax withholdings at the beginning of each year to ensure that accurate county taxes are withheld with each payroll. **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](#) establish an employee's county tax withholding rate for the entire year (moving from one county to another during the year does not change the county in which taxes are withheld.) **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, 2013, but works in another Indiana county on New Year's Day, the employee's county tax withholding should be based on the employer county's "**non-resident**" tax rate, which is generally a lower rate (Indiana county income tax withholdings are required even if Indiana state tax is not withheld due to a reciprocity agreement with an adjoining state); 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 an 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 2013.

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](http://www.accupay.com).**

*PayDay is an email communication of payroll news, legal updates and tax considerations intended to inform clients and colleagues of AccuPay about current payroll issues and planning techniques. You should consult with your CPA or tax advisor before implementing any ideas, comments or*

*planning techniques.*

