

Publications

Final IRS Regulations on Supplemental Wage Withholding

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SERVICES

The IRS recently finalized a new set of rules for supplemental wage withholding the historically optional provision that allows employers to use a flat rate for income tax withholding on certain wage payments. 71 Fed. Reg. 42049 (July 25, 2006). The regulations take into account the changes made by the American Jobs Creation Act of 2004 (“Jobs Act”) to provide for mandatory 35% withholding for supplemental wage payments that exceed \$1,000,000 and clarify the definition of “supplemental wages.”

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