



Office Memorandum

Date: July 8, 2013
To: Agency Payroll and Human Resources Staff
From: Mary Muellner, Director
Statewide Payroll Services
Subject: New Minnesota Tax Withholding Tier

Legislation passed in May 2013 established a new personal income tax bracket. This new top tier applies a 9.85 percent rate to taxable income above:

- \$250,000 for married people who file a joint return, or qualifying widows(ers),
- \$125,000 for married people who file separate returns,
- \$200,000 for heads of households, and
- \$150,000 for single people.

NOTE: There is no change to the three existing withholding levels.

The July 12, 2013 paycheck is the first check that will reflect this withholding change. However, the new bracket is effective January 1, 2013 and applies to **all wages paid in 2013**. Since the new withholding tables and formula were not available until June 2013, some employees may owe tax when they file their 2013 Minnesota income tax return next year.

IMPORTANT: Employees who expect to be affected by the new 9.85 percent bracket may want to have additional Minnesota tax withheld from their wages. This can be done directly in Self Service or by completing a paper W-4MN form and submitting it to their HR/Payroll office. Another alternate is for employees to make estimated income tax payments to the Department of Revenue to ensure they have enough credit to offset the tax due on their 2013 income tax return.

This information will also be posted on the State of Minnesota Self Service Announcements page link. Please notify staff in your agency so that affected employees are aware of the change and its implications.

The Net Pay Calculator is being updated and will be available on the Minnesota Management & Budget website at <http://www.mn.gov/mmb/accounting/payroll/calculators/index.jsp>.

Agency Payroll and Human Resources staff should contact Jennifer Goossen at 651-201-8072 or jennifer.goossen@state.mn.us if there are any questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF