

GCCC Policy Add Template

Category: Personnel

Division: HUMAN RESOURCES

Department: [Click here to enter text.](#)

Policy Title: SUPPLEMENTAL WAGES – INCOME TAX WITHHOLDING

Policy Statement: Supplemental wages are taxable and subject to special income tax withholding procedures, according to the IRS. Supplemental wages are defined as wage payments to an employee that are not regular wages. They include, but are not limited to, bonuses, commissions, overtime pay, payments for accumulated sick leave or vacation, severance pay, awards, prizes, back pay, retroactive pay increases, and payments for nondeductible moving expenses. Other payments subject to supplemental wage rules include taxable fringe benefits and expense allowances paid under a non-accountable plan.

Procedures: If supplemental wages are paid with the regular monthly wages, they will be added in a single payment and taxed at the same rate as the regular wages. If supplemental wages are paid in a separate payroll, they will be taxed according to the federal rate in the current tax guide, IRS Publication 15 (25% flat rate), and the state rate in the current tax guide, KW100 (4.5% flat rate).

Contacts: Payroll Coordinator

Approved Date: 2/1/2020

Policy History: 8/1/2014; 2/1/2020

Keywords: Supplemental wages, wages, taxes, withholding, overload

Related Form: [Click here to enter text.](#)