

**Senate Bill 1185 Employer Information**  
**Changes to Arizona Withholding Options**  
**Revised for wages paid after June 30, 2010**

Senate Bill 1185 amended the amounts required to be withheld for Arizona withholding purposes. Through June 30, 2010, the amount required to be withheld will remain a percentage of federal withholding.

Effective July 1, 2010, the amount required to be withheld will no longer be calculated as a percentage of federal withholding. The state withholding amount will be based on a table which the department has prescribed to be based on a percentage of gross taxable wages. "Gross taxable wages" is the amount that meets the federal definition of "wages" contained in IRC § 3401 and is the amount shown in box 1 of the federal W-2 at the end of the calendar year (i.e. gross wages less any pre-tax deductions).

**What does this mean to you, the Employer?**

- All Arizona employees are required to complete a new Arizona Form A-4.
- All Arizona resident employees working outside of Arizona who elect to have Arizona income tax withheld are required to complete a new Arizona Form A-4V.
- Pension and annuity recipients who elect to have Arizona income tax withheld from their pensions or annuities are required to complete a new Arizona Form A-4P.
- New employees, hired on or after July 1, 2010, must complete the revised Arizona Form A-4 within the first five days of employment. If the employee does not return the completed form, the employer must withhold Arizona income tax at the rate of 2.7%.

You are encouraged to make the forms available to your employees as soon as possible to allow each employee time to review their individual situation and return the completed form to you. However, the election made on the revised form will not be effective until July 1, 2010.

We are including the Arizona revised Forms A-4, A-4V and A-4P for your convenience. You may also obtain the revised Forms and instructions at the following Arizona Department of Revenue website address:  
<http://www.azdor.gov/Forms/Withholding.aspx>

We are in the process of implementing programming changes to accommodate the new percentage calculations. You will be notified of any necessary changes to your employee profiles in the near future.

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