

8092.0700 SUPPLEMENTAL WAGE PAYMENTS.

Subpart 1. **In general.** An employee's remuneration may consist of wages paid for a payroll period and supplemental wages, such as bonuses, commissions, and overtime pay, paid for the same or a different period, or without regard to a particular period. When such supplemental wages are paid (whether or not at the same time as the regular wages) the amount of the tax required to be withheld shall be determined in accordance with this subpart or subpart 2.

The supplemental wages, if paid concurrently with wages for a payroll period, shall be aggregated with the wages paid for such payroll period. If not paid concurrently, the supplemental wages shall be aggregated with the wages paid or to be paid within the same calendar year for the last preceding payroll period or for the current payroll period. The amount of tax to be withheld shall be determined as if the aggregate of the supplemental wages and the regular wages constituted a single wage payment for the regular payroll period.

In cases where supplemental wages are not paid concurrently with wages for a payroll period the employer may determine the amount of tax required to be withheld in accordance with this paragraph rather than in accordance with the provisions of the previous paragraph. In such a case the withholding of tax on such supplemental payments shall be at the rate provided in Minnesota Statutes, section 290.92, subdivision 3, paragraph (d), as if no exemption had been claimed.

Subp. 2. **Special rule where aggregate withholding exemption exceeds wages paid.** If supplemental wages are paid to an employee during a calendar year for a period which involves two or more consecutive payroll periods, for which other wages also are paid during such calendar year, and the aggregate of such other wages is less than the aggregate of the amounts determined under the table furnished by the commissioner as the withholding exemptions applicable for such payroll periods, the amount of the tax required to be withheld on the supplemental wages shall be computed as follows:

A. Step 1. Determine an average wage for each of such payroll periods by dividing the sum of the supplemental wages and the wages paid for such payroll periods by the number of such payroll periods.

B. Step 2. Determine a tax for each payroll period as if the amount of the average wage constituted the wages paid for such payroll period.

C. Step 3. From the sum of the amounts of tax determined in step 2 subtract the total amount of tax withheld, or to be withheld, from the wages, other than the supplemental wages, for such payroll periods. The remainder, if any, shall constitute the amount of the tax to be withheld upon the supplemental wages.

The rules prescribed in this subpart shall, at the election of the employer, be applied in lieu of the rules prescribed in subpart 1 except that this subpart shall not be applicable in any case in which the payroll period of the employee is less than one week.

Subp. 3. **Vacation allowances.** Amounts of so-called "vacation allowances" shall be subject to withholding as though they were regular wage payments made for the period covered by the vacation. If the vacation allowance is paid in addition to the regular wage payment for such period, the rules applicable with respect to supplemental wage payments shall apply to such vacation allowance.

Statutory Authority: *MS s 14.388; 270C.06; 290.52*

History: *29 SR 330; L 2005 c 151 art 1 s 114*

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