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Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-13, Minnesota State Income Tax Withholding

Date: June 4, 2004

To: Holders of TAXES (State of Minnesota only)
Personnel User Groups
T&A Contact Points in Minnesota

Beginning with wages paid for Pay Period 11, the National Finance Center (NFC) will make the following changes for the state of Minnesota income tax withholdings:

- The annual exemption allowance will increase from \$3,050 to \$3,100.
- The Single and Married withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “▶◀”.

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

RANDOLPH H. GONZALES, Acting Director
Government Employees Services Division

Minnesota State Income Tax Information

State Abbreviation: MN
State Tax Withholding State Code: 27
Acceptable Exemption Form: W-4
Basis For Withholding: State Exemptions
Acceptable Exemption Data: S, M / Number of Exemptions
TSP Deferred: Yes
Special Coding: None
Additional Information: None

Withholding Formula ►(Effective Pay Period 11, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to compute the taxable income.

$$\text{Exemption Allowance} = \text{►\$3,100◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Minnesota tax withholding.

Tax Withholding Table

Single

If the Amount of Taxable Income Is:		The Amount of Minnesota Tax Withholding Should Be:		
Over:	But Not Over:			Of Excess Over:
\$ 0	\$ ►1,750	\$ 0 plus	0.0%	\$ 0
1,750	21,190	0 plus	5.35%	1,750
21,190	65,610	1,040.04 plus	7.05%	21,190
65,610	and over	4,171.65 plus	7.85%	65,610◄

Married

**If the Amount of
Taxable Income Is:**

**The Amount of Minnesota
Tax Withholding Should Be:**

Over:	But Not Over:
\$ 0	\$ ▶6,600
6,600	35,020
35,020	119,510
119,510	and over

			Of Excess Over:
\$ 0	plus	0.0%	\$ 0
0	plus	5.35%	6,600
1,520.47	plus	7.05%	35,020
7,477.02	plus	7.85%	119,510◀

7. Divide the annual Minnesota tax withholding by 26 to obtain the biweekly Minnesota tax withholding.