

Notes:

Who must register as an Iowa Withholding Agent?

- Employers that are required to withhold federal income tax and have an office in Iowa or do business in Iowa.
- Anyone making payments to persons who are subject to Iowa withholding

Employee Compensation Subject to Iowa withholding

- Wages subject to federal withholding
- Supplemental Wages

Nonwage Income Subject to Iowa Withholding

- Pensions
- Annuities
- Supplemental unemployment benefits
- Sick pay benefits
- Gambling winnings

Iowa-Illinois Reciprocal Agreement

- Iowa Employees working in Illinois as a Non-Resident are subject to pay Iowa withholding for their wages and vice-versa, only wages and salaries.

How much to Withhold- Wages & Salaries

- Iowa withholding tables, formulas or percentages. (IA Withholding Tax Guide)
- Complete Federal W-4, IA-4.

Who Qualifies for Exemption?

- A married couple or head of household with a total income of 13,500 or less
- A single person with income of 9,000 or less
- A single person with income of less than 5,000 who is claimed as a dependent on someone else's return.
- Members of armed forces in an active duty status
- Military spouses (under certain criteria)

How much to Withhold- Supplemental Wages

- Bonuses
- Overtime Pay
- Commission
- Other Special Payment in addition to regular wages
- If withheld at federal flat rate- 6%
- If included with regular wage then refer to tables
- On nonwage payments- 5%

Pensions & Annuities Exemptions

- Partial exemptions for
 - Pensions
 - Annuities
 - Self-Employed retirement plans
 - Deferred compensation
 - IRA distributions
- Qualified Individuals must be
 - 55 years old
 - Disabled
 - Surviving spouse of a qualified individual
 - Exemption is up to 12,000 for joint filing status and up to 6,000 for all other filing statuses.

Keywords: tax, withholding, income, state tax, returns, pay, wages, exemptions, unemployment, trust, contribution

Employment Insurance and the Trust Fund

- Tax paid by employers
- Based on balance of trust fund
- It is not welfare
- Not need based
- For unemployed
- Or reduced working hours
- Able/available to work
- No fault of their own
- Actively looking for work

Federal Unemployment Tax Act (FUTA)

- Paid exclusively by the employer
- FUTA is 6%
- IA employers receive 5.4% credit however
- Only on wages up to 7,000

Liability Requirements

- New construction/Non-construction
- Agricultural Employer
- Domestic Employer
- Indian tribes/Political Unit
- Non-Profit Employer

Exempt Relationships

- Sole Proprietor
 - Father/Mother working for son/daughter
 - Husband/wife working for spouse
 - Children under 18 employed by parent
- Partnership
 - Same as above when individual has relationship with both partners
- LLCs
 - Members if paid in proportion to ownership
- Corporations
 - No exemptions