



PAYROLL BULLETIN

To: All State Agencies, Boards and Commissions

From: Steven L. Valasek, Director of State Accounting

Date: December 17, 2009

Subject: Withholding Adjustment for Nonresident Aliens – 2010
Additional Withholding for Pensions - 2010

Number: 6-09

This is a reminder that the IRS has published Notice 1036 that gives instructions for “Withholding Adjustment for Nonresident Aliens” and “Additional Withholding for Pensions for 2010”. Agencies that are impacted by this notice should go to the IRS website (www.irs.gov) for a full copy of the notice. Below are the general instructions for these two issues.

IRS Notice 1036 states:

“Withholding Adjustment for Nonresident Aliens”

For 2010, a new procedure applies for figuring the amount of income tax to withhold from the wages of nonresident alien employees performing services within the United States. This procedure requires use of a new chart and new tables in addition to the withholding tables used to figure income tax withholding on other employees.

“Additional Withholding for Pensions for 2010”:

There is an optional procedure for those making pension payments to offset withholding reductions for the Making Work Pay credit. Payors of pensions can use the table on the last page of this notice to figure additional income tax withholding on pension payments to offset the withholding reduction included in the withholding

tables for the Making Work Pay credit. Pension payments are not earned income and do not qualify for the Making Work Pay Credit.

Agencies may access this and other Payroll, SAMS and Accounting Bulletins on the Comptroller's website at www.ioc.state.il.us under Resource Library.

If you have any questions regarding this bulletin, please contact our payroll office at (217) 782-4758.