

Employer Letter to Employees Regarding Special Withholding Procedures

Dear Employee,

Recently, the State of Nebraska made changes to state income tax withholding. These changes are the result of a law passed by the Nebraska Unicameral in 2008. It affects only those employees that have very low or no Nebraska income tax withholding. The law states that employees are required to have their state withholding set at 1.5% of gross wages, unless we receive documentation that a lower amount of withholding is proper and not an attempt to avoid paying the proper amount of state income tax.

These changes took effect in early 2009. We are sharing this information with you because as your employer:

1. We want you to know what is being withheld from your paycheck and why; and
2. We are available to help you make sure the amount withheld from your paycheck is correct.

Our records show, based on the number of withholding allowances on your Form W-4, your state withholding falls within the criteria required for review. Therefore, we ask that you please provide documentation supporting the number of withholding allowances you have claimed on your Form W-4. Documentation that can be provided includes:

1. Social security numbers of dependents you can legally claim (spouse and children); and/or
2. Detailed information showing the total itemized deductions claimed on your federal income tax return (i.e., mortgage interest statements, charitable contributions, property tax statements, state income tax payments, excess medical expenses, etc.)

WITH THIS INFORMATION, we can set your state income tax withholding at the correct amount for the allowances you claimed on your Form W-4.

WITHOUT THIS INFORMATION, your state income tax withholding rate will be set to the level required by law (as much as 1.5%). This may result in lower take-home pay due to more state income tax withholding being deducted from your paycheck.

If you have questions regarding this special withholding requirement, please contact the Nebraska Department of Revenue's Taxpayer Assistance office at (800) 742-7474 (toll free in Nebraska and Iowa) or (402) 471-5729. More information is also available at the Nebraska Department of Revenue Web site: www.revenue.ne.gov.

Special Withholding Procedures

Neb. Rev. Stat. § 77-2753 (1)(b) as amended by LB 223, section 12

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|---------------|--|
| Employee Name | Student Status (no tax liability anticipated) <input type="checkbox"/> Full-Time <input type="checkbox"/> Part-Time |
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| DEPENDENT INFORMATION | | |
|-----------------------|---------------------|--|
| Name | Relationship to You | Social Security Number (Last four digits) |
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| ITEMIZED DEDUCTION INFORMATION THAT AFFECTS YOUR NEBRASKA WITHHOLDING • Use the space below to provide detailed information, i.e., mortgage interest, property and state income tax payments, charitable contributions, excess medical expenses, casualty losses, etc. |
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| Filing Status <input type="checkbox"/> Single <input type="checkbox"/> Married | Based upon the documentation provided, the number of withholding allowances for Nebraska income tax purposes is | |
|---|---|--|

Under penalties of perjury, I declare that I have examined this form and to the best of my knowledge and belief, it is true, correct, and complete.

**sign
here** ▶

Signature of Employee

Date

cc: Employee's Personnel File