

State of Arizona
Changes to Withholding Rates
Effective May 1, 2009

Arizona Income Tax Withholding Amounts are calculated as a percentage of the Federal Income Tax Withholding Amount. Federal Government has recently reduced the amounts to be withheld for Federal Income Tax. In an apparent effort to avoid a corresponding decrease in Arizona Income Tax Withholding Amounts, the following increased percentages are to be used for calculating the Arizona Income Tax Withholding Amount as a percentage of the recently revised Federal Income Tax Withholding Amounts.

May 1 to December 31, 2009			January 1 to June 30, 2010	
Old Percentage	New Percentage		Old Percentage	New Percentage
10%	11.5%		11.5%	10.7%
19%	21.9%		21.9%	20.3%
23%	26.5%		26.5%	24.5%
25%	28.8%		28.8%	26.7%
31%	35.7%		35.7%	33.1%
37%	42.6%		42.6%	39.5%
By June 30, 2010, Arizona will no longer compute its Arizona Income Tax Withholding Amount as a percentage of the Federal Income Tax Withholding Amount, and will instead publish its own tables for the calculation of the Arizona Income Tax Withholding Amount.				

Sage Master Builder users will have to manually adjust the Rate column on each Arizona employee's Arizona State Income Tax calculation. Effective May 1, 2009, replace the previous percentage rate with the new percentage from the above table. Another manual update will have to be done on January 1, 2010 as indicated above.