

Minnesota revenue notice

Revenue Notice # 92-25 Withholding - 1993 Withholding Deposits

(Update: Revenue Notice #92-25 has been repealed by Revenue Notice #03-04.)

The Internal Revenue Service recently adopted a regulation governing deposits of withheld federal income taxes and taxes under the Federal Insurance Contributions Act (FICA). Treas. Reg. § 316302-1 (1992). The new federal deposit rules are significantly simpler to understand and apply than the previous rules. The regulation is effective January 1, 1993, but a transitional rule allows employers to continue to comply with the previous rules until December 31, 1993. The transitional rule allows employers who are able to adapt to the new rules to take advantage of them as soon as possible, but also allows other employers sufficient time to make necessary changes to their payroll tax deposit systems.

Due to the complexities of overlapping state and federal withholding deposit requirements and the transition to a new federal deposit system in 1993, the Commissioner will abate penalties that result from the timing of an employer's deposit of withheld state taxes during 1993 as long as those taxes are deposited within the later of the time allowed to deposit withheld state taxes under Minnesota law or the time allowed to deposit the employer's withheld federal taxes under Treas. Reg. § 31.6302-1 (1992).

The Department published notice of intent to solicit outside information or opinions relating to withholding deposits in the *State Register* on November 16, 1992 and will be proposing rules governing withholding deposits to take effect in 1994.

Michael E. Boekhaus
Director, Appeals, Legal Services & Criminal Investigation Division

Dated: November 30, 1992

JPH