

## **Supplemental Payroll Withholding Taxes (FIT/SIT), Summer School Session**

Questions have arisen regarding the treatment of summer school wages as it relates to the rules pertaining to supplemental withholding taxes.

Inasmuch as summer school wages are paid under a different contract than from the regular school year, these payments become regular wages and are not considered to be supplemental income for tax purposes. Therefore, the employee is taxed under the regular tax rates instead of the supplemental tax rates (add-back method or the 28% and 6% method).

For example, if an employee receives his regular school year payment on June 30 and his summer school pay on July 10, the July payment is also considered to be regular wages. If the July 10 payment includes supplemental wages from the regular school year such as overtime, the overtime pay line would be coded supplemental and the remainder would be regular.

The same rule applies for employees who are paid 10 times a year and work summer school. Even though these employees will be paid on July 10 and August 10 as well as July 31 and August 31, all of these payments are regular wages and will be taxed under the regular tax rates.

Questions on this subject may be directed to Business Advisory Services.