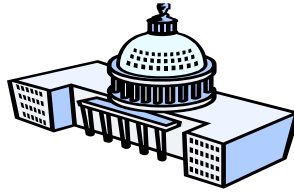


**WEST VALLEY CHAPTER  
MONTHLY  
TAX CORNER**



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SEPTEMBER 2002

**THE PURPOSE OF THIS UPDATE IS TO PROVIDE YOU WITH  
TAX NEWS AND UPDATES FROM**

**THE STATE AND FEDERAL  
LEGISLATIVE BRANCHES**



This APA news flash is another example of the benefits and value you and your company receive as a result of your membership in the American Payroll Association.

### **Standard Business Mileage Rate Goes Down to 36 Cents for 2003**

The IRS has announced that the standard business mileage rate for transportation expenses paid or incurred beginning January 1, 2003 will be 36 cents per mile, down from the 36.5 cents per mile rate in effect during 2002. The IRS said the main reason for the reduction is the decline in gas prices during the annual study period that ended on June 30.

The mileage rate may be used by employers to reimburse employees who use their own vehicle for business purposes related to their employment. The rate may also be used by employers that elect not to use the "Annual Lease Value" method or any other valuation method for purposes of determining the amount that may be imputed to an employee's income for personal use of certain company-owned or leased nonluxury vehicles.

In addition, the 2003 standard mileage rate for operating a passenger car for charitable purposes will stay at 14 cents per mile. This rate is set by law and is not subject to adjustment. However, the rate for medical and moving expenses will be 12 cents per mile, down from the 13 cents per mile rate in effect during 2002 [Rev. Proc. 2002-61, IR 2002-100, 9-18-02].

Learn more about what you can expect in 2003:

Take advantage of your membership discount and register today for  
APA's Preparing for Year-End and 2003 - Classes are filling fast!

<http://www.americanpayroll.org/02class/yereg.html>

or <http://www.payroll.org>.

Authority	BSI System Code	Tax Type	Effective Date	Change Description
New Jersey	00340000	Employer Health Care Subsidy Fund	01/01/2002	Adds the default tax rate of 1%. This change is effective immediately.
New Jersey	00340000	ER Combined WF&SWF/HC/DI Tax	01/01/2002	Increases the default tax rate from .6175% to 1.6175%. This change is effective immediately.
Hawaii	00150000	Withholding	01/01/2002	<p>The state has passed legislation to conform to EGTRRA.</p> <p>Modifies the changes issued in bulletin number 125 to reinstate the 2002 maximum excludable limits.</p> <p>The rule that had required coordination of the 457 deferrals with deferrals and contributions under other plans is repealed. Contributions under other types of plans, such as 401(k) and 403(b), no longer count against the 457 annual maximum deferral limit.</p>

Massachusetts	00250000	Withholding	01/01/2002	<p>The state has passed legislation to conform to EGTRRA.</p> <p>Bulletin number 151 indicated that it was only by coincidence that Massachusetts and EGTRRA deferred income plan limits were increased to \$11,000 and the 457 aggregation limits were repealed. Massachusetts now conforms to the Federal EGTRRA rules.</p> <p>The rule that had required coordination of the 457 deferrals with deferrals and contributions under other plans is repealed. Contributions under other types of plans, such as 401(k) and 403(b), no longer count against the 457 annual maximum deferral limit.</p>
Wisconsin	00550000	Withholding	01/01/2002	<p>The state has passed legislation to conform to EGTRRA.</p> <p>Modifies the changes issued in bulletin number 125 to reinstate the 2002 maximum excludable limits.</p> <p>The rule that had required coordination of the 457 deferrals with deferrals and contributions under other plans is repealed. Contributions under other types of plans, such as 401(k) and 403(b), no longer count against the 457 annual maximum deferral limit.</p>

Authority	System Code	State	County	Tax Type	Date	Change Description
Bethlehem ASD (School District)	00420192	PA	Northampton	Employee Occupation	N/A	Adds a new tax that carries the <u>total</u> resident and non-resident tax amounts of \$10. This change is effective immediately.
Bethlehem ASD (School District)	00420192	PA	Northampton	Withholding	N/A	Removes the reciprocal data for Bethlehem City and Fountain Hill Borough in Lehigh County.  Changes the effective rate from 100% of .5% to 50% of 1% for use with Hanover Township. The effective rate of 50% of 1% remains the same for use with Bethlehem City, Bethlehem Township, Freemansburg Borough in Northampton County. These changes are effective immediately.
Bethlehem ASD (School District)	00420192	PA	Northampton	Employee Occupation	N/A	Removes the reciprocal data for Bethlehem City and Fountain Hill Borough in Lehigh County.  Changes the effective rate from 100% of \$5 to 50% of \$10 for use with Hanover Township. The effective rate of 50% of \$10 remains the same for use with Bethlehem City, Bethlehem Township, Freemansburg Borough in Northampton County. These changes are effective immediately.
Knox (County)	00180042	IN	N/A	Withholding	07/01/2002	Increases the resident and non-resident tax rates from .25% to .45% and .3%, respectively

Should you have any questions, feel free to give me a call at 602-368-7526 or email me at [samcintl@bechtel.com](mailto:samcintl@bechtel.com).

Thank you,

Sheryl A. McIntosh  
NWV Chapter Government Liaison