January 26, 2010

TO: UW-System Controllers, 1099/W2 Contacts, System Administration
UW-Madison Deans, DBR's, Directors, Departmental Chairs, Department Administrators, Travel Contacts, Accounting Services Management, Pre-Audit Staff, EC&BS

FROM: José A. Carus, Jr.
Tax Compliance Manager

SUBJECT: 2010 Rates and Forms for Calculating Withholding Tax for Taxable Payments to Non-Resident Aliens

The IRS has announced that the 2010 personal withholding exemption amount is unchanged from 2009 and will remain at $3,650 (the 2009 amount was also $3,650.00). This will result in the daily prorated exemption amount used for calculating withholding on payments to non-resident aliens of $10.00 per day (the 2009 rate was also $10.00 per day). The updated forms which reflect the change in the daily exemption rate are now available at the Accounting Services website at http://www.bussvc.wisc.edu/acct/forms.html. The forms reflecting this change are the Payment for Services and Research Subjects and the Payment for Scholarships, Fellowships, Participant Support (Class 57XX).

Please pass on this information to the appropriate individuals as you deem necessary, and instruct them to begin using the new exemption amount for payments made in calendar year 2010.

At this time I am also sending this letter to the Accounting Services Web Master for posting on our tax web page at http://www.bussvc.wisc.edu/acct/tax.html for reference purposes.

Sincerely,

José