

Voluntary Withholding of State and Federal Income Tax

A master commissioner may voluntarily request payment of income tax from the fees received for the performance of service as a commissioner that would otherwise be exempt from such withholding. Such voluntary agreements are permitted only for payments that are includible in gross income and are applicable to all such payments received for the performance of service in the position of a commissioner. This option is available under Section 3402(p) of the IRC.

Voluntarily payment of your federal and state income tax (in addition to FICA taxes that commissioners already pay) may eliminate the need for estimating quarterly state and federal tax payments or reporting under a personal Employer Identification Number (EIN). **Participation in voluntary withholding of state and federal income tax requires:**

- The commissioner **must** ask for voluntary withholding via a written request to the Social Security Coverage & Reporting Branch before reporting state and federal taxes.
- The Social Security Coverage & Reporting Branch will send the commissioner a voluntary withholding agreement (Form SS-FIT) and a Form W-4, both of which must be completed and returned to the branch.
- Monthly report forms (Form SS-16a) required for the voluntary payment of federal income tax, state income tax and FICA will be supplied by our office upon receipt of the voluntary withholding agreement.
- Each completed monthly report (Form SS-16a) for federal income tax, state income tax and FICA submitted to this office must be accompanied by separate checks—each made payable to the Kentucky State Treasurer. That is, one report and one check for federal income tax, one check for state income tax and one check for FICA contributions. These must be submitted monthly to the Social Security Coverage & Reporting Branch which will deposit the checks with the appropriate agency.
- At the end of the tax year, your Form W-2 will reflect all state and federal income tax paid under this voluntary agreement, in addition to the FICA contributions.

If you would like to participate in voluntary withholding send a written request stating your desire to participate and our office will forward you the proper forms to fill out. If you have any questions concerning this information, contact Tammy Taylor at 502/564-3952.

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