



ANDREW W. MAYLOR
COMPTROLLER

Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

ONE ASHBURTON PLACE, 9TH FLOOR
BOSTON, MASSACHUSETTS 02108
TELEPHONE (617) 727-5000
WWW.MACOMPTROLLER.ORG

MMARS Policy: Payroll

Issue Date: July 1, 2004

Date Last Revised: October 17, 2008

Mandatory and Voluntary Deductions: State Withholding

Executive Summary

The Department of Revenue requires employers to withhold state income tax from wages paid to their employees based on the withholding exemptions claimed on the employee's Form W-4 or Form M-4. State income tax is to be withheld from the wages of Commonwealth employees.

Considerations

State Withholding Tax:

- Is administered by the Department of Revenue;
- Is a mandatory deduction for Commonwealth employees
- Requires a Form W-4 or M-4; and
- Is deducted in every biweekly pay period.

This policy applies to all Commonwealth Branches and Departments.

Policy

Withholding Allowance Certificates (Forms W-4 and M-4)

Employees are required to submit, upon hire, a completed Form W-4 "Employee's Withholding Allowance Certificate" to their Department. This certificate provides the basis for determining the proper amount of tax to withhold from an employee's wages. Employees can also submit a Form M-4 "Massachusetts Employee's Withholding Allowance Certificate" to specify the withholding exemptions applicable for their state withholding tax. Employees are not required to submit a Form M-4 if they have already submitted a Form W-4, unless they want a different withholding for state taxes.

If an employee does not submit a completed Form W-4 or M-4, state income tax will be withheld at the single status rate, with no withholding exemptions.

Every Commonwealth payroll Department is required to keep Form W-4's and M-4's on file for their current employees for at least three years after the date the tax was due.

A Form W-4 or M-4 must be put into effect by the employee's payroll Department for the first payroll period ending after the form is submitted. A Form W-4 or M-4 remains in effect until the employee submits a new one.

If employees make changes to their withholding allowances, they must submit a new Form W-4 or M-4 to their payroll Department. This Form W-4 or M-4 must be put into effect by the payroll Department no later than the beginning of the first payroll period ending on or after the 30th day after the form is received by the Payroll Department.

The Commonwealth is required to provide each employee with a yearly W-2 statement detailing the total amount of state withholding tax deducted from his/her wages.

Form W-4s can be downloaded from the IRS Forms and Instructions website:

<http://www.irs.gov/formspubs/html>

Form M-4s can be downloaded from the DOR website:

<https://www.mass.gov/lists/dor-withholding-tax-forms>

Commonwealth Employees Who Work Outside of Massachusetts

This applies to Commonwealth employees whom are assigned to work in other states. If a Department has an employee who works outside of MA, it needs to communicate with the State Treasurer's office and the Office of the Comptroller to ensure compliance with other state withholding requirements.

Internal Controls

See [Best Practices For Payroll](#).

Information Sources

Related Procedure – None

- Legal Authority
- Department of Revenue "Guide to Withholding Taxes on Wages"
- IRS Publication 15, "Circular E Employer's Tax Guide"
- IRS Publication 15A, "Circular E Employer's Supplemental Tax Guide"
- 29 CFR §516.5
- Massachusetts General Laws, Chapter 7A, Sections 3, 7, 8
- Massachusetts General Laws, Chapter 58, Section 28B
- Massachusetts General Laws, Chapters 62B and 62C
- Attachments - None
- Links - None
- Contacts – CTR Help Desk 617-973-2468
- [Comptroller Website](#)

Revisions

October 17, 2008 – Broadened the definition of employees working and living out-of-state to include any department.

November 1, 2006 – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.