



# Indiana Department of Revenue

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## Departmental Notice #1

Effective Jan. 1, 2024

(R42 / 12-23)

**Important Note:** The rates in this notice are effective for withholding purposes for periods beginning on or after Oct. 1, 2023.

### How to Compute Withholding for State and County Income Tax

This document does not meet the definition of a "statement" required to be published in the Indiana Register under IC 4-22-7-7. The purpose of this document is to assist withholding agents in determining the correct amount of Indiana county income tax to withhold from an employee's wages by providing the tax rate for each county. An asterisk (\*) beside a county name indicates the rate has changed since Departmental Notice #1 was published on Oct. 1, 2023.

Both the county of residence and the county of principal business or employment of an individual are determined on Jan. 1 of the calendar year in which the individual's taxable year begins. If a person resides in an Indiana county on Jan. 1, or resides out-of-state on Jan. 1, but has his or her principal place of work or business in an Indiana county as of Jan. 1, he or she is subject to county tax at the rate corresponding to that Indiana county.

Withholding agents should withhold county tax based on the employee's Indiana county of residence as of Jan. 1 of the tax year. If the employee resides out-of-state on Jan. 1 but has his or her principal place of work or business in an Indiana county as of Jan. 1, then the withholding agent should withhold for the Indiana county of principal place of work or business.

Certain professional team members and race team members are subject to county tax. Please refer to [Income Tax Information Bulletins #88 and #88B](#) for further information. Withholding for these individuals shall be done in a manner otherwise consistent with this notice.

**For withholding occurring on or after Jan. 1, 2024**, an employer is not required to withhold state or county income tax on some employees if the employee will work in Indiana for 30 days or less during the taxable year. Please refer to the "Special Rules for Nonresident Employees" section below.

The deduction constant tables on the next page have been developed to help calculate state and county income tax. These tables divide the dollar amount of the exemption/dependent exemption by the number of pay periods. This will determine the deduction constant or the dollar amount of the exemption you should deduct each pay period from the employee's gross income. Note that these tables are provided for regular periodic payments for wages, salaries, and other compensation. For one-time or non-periodic payments, such as a bonus check, withholding should be computed without exemptions.

Table A is used to figure personal exemptions. Each employee is entitled to deduct \$1,000 per year per exemption claimed on line 5 of his/her Form WH-4. Personal exemptions include additional exemptions if the employee and/or the employee’s spouse are age 65 or older and/or blind. Please refer to [Form WH-4](#).

Table B is used to figure additional dependent exemptions. Most employees are entitled to deduct \$1,500 per year per qualifying dependent exemption claimed on line 6 of his/her Form WH-4.

**New for withholding after September 14, 2023:** Table B is also used to figure the supplemental first-time additional dependent exemption. Most employees are entitled to deduct \$1,500 per year per qualifying first-time dependent exemption claimed on line 7 of his/her Form WH-4.

Table C is used to figure your adopted child dependent exemptions. Most employees are entitled to deduct \$3,000 per year per qualifying adopted child claimed on line 8 of his/her Form WH-4.

**New for withholding after December 31, 2023:** The state withholding rate has been reduced to 3.05%.

## Deduction Constant Tables

Table A	Daily	Weekly	Bi-Weekly	Semi-Monthly	Monthly
1	2.74	19.23	38.46	41.67	83.33
2	5.48	38.46	76.92	83.33	166.67
3	8.22	57.69	115.38	125.00	250.00
4	10.96	76.92	153.85	166.67	333.33
5	13.70	96.15	192.31	208.33	416.67
6	16.44	115.38	230.77	250.00	500.00

Table B	Daily	Weekly	Bi-Weekly	Semi-Monthly	Monthly
1	4.11	28.85	57.69	62.50	125.00
2	8.22	57.69	115.38	125.00	250.00
3	12.33	86.54	173.08	187.50	375.00
4	16.44	115.38	230.77	250.00	500.00
5	20.55	144.23	288.46	312.50	625.00

Table C	Daily	Weekly	Bi-Weekly	Semi-Monthly	Monthly
1	8.22	57.69	115.38	125.00	250.00
2	16.44	115.38	230.77	250.00	500.00
3	24.66	173.08	346.15	375.00	750.00
4	32.88	230.77	461.54	500.00	1,000.00
5	41.10	288.46	576.92	625.00	1,250.00

Locate the deduction constant for the personal exemptions in Table A. Add to that the deduction constant for the additional dependent exemptions in Table B and Table C. This is the net amount that should be deducted each pay period from the employee’s gross income.

*Example:* An employee is paid a weekly salary of \$800; he/she claims five personal exemptions and is subject to county tax at the rate of 0.01. He/she claims three additional dependent exemptions, one first-time additional dependent exemption, and two adopted child dependent exemptions. The taxable income of \$473.08 is the amount on which state and county tax should be calculated.

Equation	Math
Deduction Constant from Table A	\$96.15
Deduction Constant from Table B (additional dependent)	+86.54
Deduction Constant from Table B (first-time additional dependent)	+28.85
Deduction Constant from Table C (adopted dependent)	+115.38
Total Deduction Constant	\$326.92
Gross Income	\$800.00
Total Deduction Constant	-326.92
Taxable Income	\$473.08
State Tax to Withhold	$\$473.08 \times .0305 = \$14.43$
County Tax to Withhold	$\$473.08 \times .01 = \$4.73$

## Special Rules for Certain Nonresident Employees

If you have a time and attendance system where employees are required to record the employee’s out-of-state work location on a contemporaneous basis **and** that system is used to allocate compensation between states, you are not *required* to withhold state and local taxes if the employee is reasonably expected to work in Indiana for 30 days or less during the calendar year. However, if the employee actually works in Indiana for more than 30 days during the calendar year, you will be required to withhold the tax that otherwise would have been withheld for the first 30 days and withhold on any compensation thereafter. Nevertheless, you are *permitted* to withhold taxes for the first 30 days, provided that the withholding follows the requirements in this notice. If you are not certain whether an employee will meet the 30-day threshold, you can withhold state and county income taxes and the employee can file a return requesting a refund of the taxes withheld if the employee did not meet the 30-day threshold.

In addition, if the employee provides a properly completed Form WH-4AFF, the employer is relieved from withholding until the employee has worked in Indiana for more than 30 days during the calendar year. Please note that if an employee worked previously in Indiana for another employer, any days worked for the previous employer(s) count toward the 30 days.

If you have not withheld taxes from an employee based on the good-faith assumption that the employee would not work in Indiana for more than 30 days but the employee in fact works in Indiana for more than 30 days, you are permitted to increase withholding on that employee in any manner reasonably intended to make up for the tax not previously withheld. If you are increasing withholding due, report the tax withheld for the month in which the withholding actually occurred rather than amending previous months' withholding returns.

This allowance is not permitted for employees who are professional athletes, professional sports team members, race team members, professional entertainers, and public figures. In addition, this allowance is not permitted for employees who were, or will become, Indiana residents for any part of the calendar year.

**Note:** Income Tax Information Bulletins which may be of assistance with withholding tax questions are numbers [16](#), [28](#), [32](#), [33](#), and [52](#).

If you have any questions about the withholding of state or county taxes, please contact the department at 317-232-2240.



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## Indiana County Tax Rates: Effective January 1, 2024

A county with an asterisk (\*) has changed its rate since Departmental Notice #1 was issued on Oct. 1, 2023.

County Name	County Code	County Tax Rate
Adams	01	0.016
Allen	02	0.0159*
Bartholomew	03	0.0175
Benton	04	0.0179
Blackford	05	0.025*
Boone	06	0.017
Brown	07	0.025234
Carroll	08	0.022733
Cass	09	0.0295
Clark	10	0.02
Clay	11	0.0235
Clinton	12	0.0265
Crawford	13	0.0165*
Daviess	14	0.015
Dearborn	15	0.014
Decatur	16	0.025
DeKalb	17	0.0213
Delaware	18	0.015
Dubois	19	0.012
Elkhart	20	0.02
Fayette	21	0.0257
Floyd	22	0.0139*
Fountain	23	0.021
Franklin	24	0.017
Fulton	25	0.0268
Gibson	26	0.009
Grant	27	0.0255
Greene	28	0.0215
Hamilton	29	0.011
Hancock	30	0.0194
Harrison	31	0.01
Hendricks	32	0.017
Henry	33	0.018
Howard	34	0.0195*
Huntington	35	0.0195
Jackson	36	0.021
Jasper	37	0.02864
Jay	38	0.0245
Jefferson	39	0.0103*
Jennings	40	0.025
Johnson	41	0.014
Knox	42	0.017
Kosciusko	43	0.01
LaGrange	44	0.0165
Lake	45	0.015
LaPorte	46	0.0145

County Name	County Code	County Tax Rate
Lawrence	47	0.0175
Madison	48	0.0225
Marion	49	0.0202
Marshall	50	0.0125
Martin	51	0.025
Miami	52	0.0254
Monroe	53	0.02035
Montgomery	54	0.0265
Morgan	55	0.0272
Newton	56	0.01
Noble	57	0.0175
Ohio	58	0.02*
Orange	59	0.0175
Owen	60	0.025
Parke	61	0.0265
Perry	62	0.014
Pike	63	0.012*
Porter	64	0.005
Posey	65	0.0145*
Pulaski	66	0.0285
Putnam	67	0.023*
Randolph	68	0.03
Ripley	69	0.0238*
Rush	70	0.021
St. Joseph	71	0.0175
Scott	72	0.0216
Shelby	73	0.016
Spencer	74	0.008
Starke	75	0.0171
Steuben	76	0.0199*
Sullivan	77	0.017
Switzerland	78	0.0125
Tippecanoe	79	0.0128
Tipton	80	0.026
Union	81	0.02
Vanderburgh	82	0.0125
Vermillion	83	0.015
Vigo	84	0.02
Wabash	85	0.029
Warren	86	0.0212
Warrick	87	0.01
Washington	88	0.02
Wayne	89	0.0125
Wells	90	0.021
White	91	0.0232
Whitley	92	0.016829