



## Warren County Schools Occupational Tax Office

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### Warren County Schools Payroll Tax – Who is Subject to this Tax?

#### Employer's Determination of the Taxability of Employees:

An employer must determine if its employees are subject to the Warren County Schools Occupational Withholding Tax. The Warren County Schools Occupational Tax Rate is one half of one percent (.50%) and is withheld on the **GROSS WAGES**<sup>1</sup> of the employee.

Two pieces of information are necessary in order to determine if the tax is required to be withheld:

#### First Factor to Consider:

An employer must determine whether the employee is a resident of the Warren County School District:

If the employee **IS NOT A RESIDENT** then he/she is not taxable.<sup>2</sup>

If the employee **IS A RESIDENT** then the employer must consider the second factor (see below) to determine the employee's taxability.

**Note:** If the employee does not know what school district he/she resides in - Address Verification Assistance is available by calling (270) 842-7168.

#### Second Factor to Consider:

If the employee is a resident of the Warren County School District, the next step is to determine whether the employee earns wages anywhere within Warren County, Kentucky. If a resident employee earns wages in any part of Warren County or Bowling Green, then his or her **GROSS WAGES** are taxable. NO CONSIDERATION IS GIVEN TO WHETHER THE WORK LOCATION IS IN THE "CITY" OR "COUNTY." Only resident employees who earn wages outside Bowling Green and Warren County, Kentucky (For example, in another county or state) would be exempt from the withholding tax.

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<sup>1</sup> Gross Wages is total **GROSS** Compensation from all sources including:

- ◆ Retirement
- ◆ Profit Sharing
- ◆ Deferred Compensation Plans
- ◆ Contributions to Section 125 and 132 plans (Cafeteria Plans)
- ◆ Any benefit that is taxable for federal income tax purposes
- ◆ Ex. of Taxable Fringe Benefits: Auto Allowance  
Life Ins > \$50,000  
Education Reimbursement  
Parking, Meal, or Moving Allowance

<sup>2</sup> Please be aware that "CITY ANNEXED" areas are within the Warren County School District.