

Payroll tax treatment of bonus for last year (1/30/18)

Employers often pay a bonus after assessing the company's financial results and staff performance. Under the Labour Code, the Personal Income Tax Act and the National Social Insurance (NSI) Act, a bonus is part of employment remuneration and attracts payroll taxes, i.e. personal income tax (PIT) and NSI contributions. Since a bonus often covers a past period, or even two or more past periods, in which different tax rates were in force, this raises questions about applicable rates and reporting procedures. This article explores the payroll tax treatment of bonuses that are paid to current and former employees.

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