

Bonus Tax Withholding Explanation

Date: [Insert Date]

Employee Name: [Insert Employee Name]

Employee ID: [Insert Employee ID]

Dear [Employee Name],

Thank you for reaching out regarding the tax withholding on your recent bonus payment. We understand that tax withholding can be confusing, especially with bonuses.

As per IRS guidelines, bonuses are typically taxed at a flat rate of [Insert Tax Rate]% for federal taxes. This is separate from your regular income tax rate. This method is designed to simplify the withholding process for supplemental wages, like bonuses.

If you have additional questions about your specific situation or how it affects your overall tax filings, we recommend consulting with a tax professional.

Thank you for your understanding.

Sincerely,

[Your Name]

[Your Position]

[Company Name]

[Company Contact Information]