

Bonus Tax Withholding Guidelines

Dear [Employee's Name],

We are pleased to inform you that you will be receiving a bonus for your outstanding performance. Below are the guidelines regarding the tax withholding for your bonus payment:

1. Bonus Tax Rates

Your bonus will be subject to a federal income tax withholding rate of [insert percentage]%. Additionally, state and local taxes may also apply.

2. Withholding Methods

Bonuses may be taxed in one of two ways:

- **Percentage Method:** A flat percentage will be withheld from your bonus.
- **Aggregate Method:** Your bonus will be added to your most recent salary payment, and taxes will be withheld accordingly.

3. Additional Considerations

Keep in mind that the amount withheld may affect your overall tax liability for the year. We recommend consulting with a tax advisor for personalized advice.

4. Bonus Payment Date

Your bonus will be paid on [insert payment date]. Please ensure that your tax information is up to date in our payroll system.

Should you have any questions regarding the bonus or the associated tax withholding, please do not hesitate to reach out.

Thank you for your hard work and dedication.

Sincerely,

[Your Name]

[Your Position]

[Company Name]