

Bonus Tax Withholding Policy Update

Date: [Insert Date]

Dear [Employee's Name],

We are writing to inform you about an important update regarding our bonus tax withholding policy that will take effect on [Insert Effective Date]. This update is designed to ensure compliance with federal and state regulations and to provide clarity on how bonuses will be taxed moving forward.

Key Changes:

- **Federal Tax Rate:** The federal withholding rate on bonuses will now be [Insert Rate]%.
- **State Tax Rate:** The state withholding rate will be adjusted to [Insert Rate]% based on [Insert State] regulations.
- **Additional Withholding:** Employees can elect to have additional amounts withheld if desired.

It is essential to understand how these changes might affect your total take-home pay during the bonus payout period. Should you have any questions or require further clarification, please do not hesitate to reach out to the HR department at [Insert Contact Information].

Thank you for your attention to this matter, and we appreciate your continued dedication to [Company Name].

Sincerely,

[Your Name]

[Your Position]

[Company Name]