

Supplemental Wages Taxed at 25%

The federal tax on supplemental wages is a flat 25%, in accordance with the Commonwealth of Massachusetts' application of IRS procedures. Supplemental wages are defined as compensation paid in addition to an employee's regular wages including, but not limited to:

- additional compensation
- bonuses
- overtime pay
- payments for accumulated sick leave, vacation pay-ups, severance pay, back pay and retroactive pay increases.