

# IRS Confirms California “Waiting Time Penalties” Are Not Wages For Federal Income Tax Purposes

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A recent IRS information letter confirms that “waiting time penalties” paid under California law are not wages for federal income tax withholding purposes. Section 203 of the California State Labor Code imposes penalties on employers that fail to pay final wages to terminated employees within a specified period of time. These penalties are paid to the terminated employees in amounts based on their wages... [Continue Reading](#)