

Federal Percentage Method of Withholding For Payroll Paid January 23 – December 31, 2015

Source: IRS Notice 1036 (January 2015)

Procedures used to calculate federal taxes withheld*:

1. Obtain the employee's gross wage for the payroll period.
2. Determine the allowance amount from the "Withholding Allowance Table" below according to the employee's number of withholding allowances and frequency of payment.
3. Determine the deduction amounts, which can be approximated from a previous earnings statement, for pre-tax deductions such as health insurance, tax sheltered annuities (TSA), and employee reimbursement accounts (e.g. ERA).
4. Subtract the pre-tax deductions and withholding allowance amount from the employee's gross wages to determine the taxable wage.

Below are examples how to calculate withholding taxes using the tables presented here within. The examples below include the following assumptions: 2 personal allowances and pre-tax deductions for health insurance, TSA & ERA.

*If you have any questions, please contact your Payroll Coordinator.

Single Biweekly Example			Married Biweekly Example		
1. Single employee's gross biweekly wage		\$1,800.00	1. Married employee's gross biweekly wage		\$1,800.00
2. Less amount for two personal allowances (\$153.80 x 2)		- \$307.60	2. Less amount for two personal allowances (\$153.80 x 2)		- \$307.60
3. Less pre-tax deductions			3. Less pre-tax deductions		
3A.	Pre-tax health insurance	- \$88.00	3A.	Pre-tax health insurance	- \$219.00
3B.	Pre-tax TSA	- \$50.00	3B.	Pre-tax TSA	- \$50.00
3C.	Pre-tax ERA	- \$50.00	3C.	Pre-tax ERA	- \$50.00
4. Taxable wage (line 1 minus lines 2, 3A , 3B & 3C)		\$1,304.40	4. Taxable wage (line 1 minus lines 2, 3A, 3B & 3C)		\$1,173.40
5. Percentage withholding (withholding on \$1,308.20 from Table 2 Biweekly Payroll Period, Single Person status)			5. Percentage withholding (withholding on \$1,177.20 from Table 2 Biweekly Payroll Period, Married Person status)		
5A.	Tax on minimum amount of 15% bracket (\$443.00)	\$35.50	5A.	Tax on minimum amount of 15% bracket (\$1,040.00)	\$70.90
5B.	Taxable wage (from line 4)	\$1,304.40	5B.	Taxable wage (from line 4)	\$1,173.40
5C.	Minus minimum amount of 15% bracket	-443.00	5C.	Minus minimum amount of 15% bracket	-1,040.00
5D.	Amount over bracket minimum	861.40	5D.	Amount over bracket minimum	\$133.40
5E.	15% of 5D	129.21	5E.	15% of 5D	\$20.01
5F.	Biweekly withholding (5A plus 5E)	\$164.71	5F.	Biweekly withholding (5A plus 5E)	\$90.91

WITHHOLDING ALLOWANCE TABLE
Source: IRS Notice 1036 (January 2015)

Number of Allowances Is	And wages are paid		
	Biweekly	Monthly	Annually
	The total amount of withholding allowances for the payroll period is		
0	\$0	\$0	\$0
1	153.80	333.30	4,000.00
2	307.60	666.60	8,000.00
3	461.40	999.90	12,000.00
4	615.20	1,333.20	16,000.00
5	769.00	1,666.50	20,000.00
6	922.80	1,999.80	24,000.00
7	1,076.60	2,333.10	28,000.00
8	1,230.40	2,666.40	32,000.00
9	1,384.20	2,999.70	36,000.00
10	1,538.00	3,333.00	40,000.00
11 or More	Multiply the amount of one withholding allowance for the specific payroll period by the number of allowances claimed		

TABLES FOR PERCENTAGE METHOD OF WITHHOLDING

Source: IRS Notice 1036 (January 2015)

Table 2 Biweekly Payroll Period			
(a) SINGLE person (including head of household)		(b) MARRIED person	
If the amount of wages (after subtracting withholding allowances) is:	The amount of income tax to withhold is:	If the amount of wages (after subtracting withholding allowances) is:	The amount of income tax to withhold is:
Not over \$88	\$0	Not over \$331	\$0
\$88 - \$443	10% of excess over \$88	\$331 - \$1,040	10% of excess over \$331
\$443 - \$1,529	\$35.50 plus 15% of excess over \$443	\$1,040 - \$3,212	\$70.90 plus 15% of excess over \$1,040
\$1,529 - \$3,579	\$198.40 plus 25% of excess over \$1,529	\$3,212 - \$6,146	\$396.70 plus 25% of excess over \$3,212
\$3,579 - \$7,369	\$710.90 plus 33% of excess over \$3,579	\$6,146 - \$9,194	\$1,130.20 plus 28% of excess over \$6,146
\$7,369 - \$15,915	\$1,772.10 plus 33% of excess over \$7,369	\$9,194 - \$16,158	\$1,983.64 plus 33% of excess over \$9,194
\$15,915 - \$15,981	\$4,592.28 plus 35% of excess over \$15,915	\$16,158 - \$18,210	\$4,281.76 plus 35% of excess over \$16,158
\$15,981 or Greater	\$4,615.38 plus 39.6% of excess over \$15,981	\$18,210 or Greater	\$4,999.96 plus 39.6% of excess over \$18,210

TABLES FOR PERCENTAGE METHOD OF WITHHOLDING (continued)

Source: IRS Notice 1036 (January 2015)

Table 4 Monthly Payroll Period			
(a) SINGLE person (including head of household)		(b) MARRIED person	
If the amount of wages (after subtracting withholding allowances) is:	The amount of income tax to withhold is:	If the amount of wages (after subtracting withholding allowances) is:	The amount of income tax to withhold is:
Not over \$192	\$0	Not over \$717	\$0
\$192 - \$960	10% of excess over \$192	\$717 - \$2,254	10% of excess over \$717
\$960 - \$3,313	\$76.80 plus 15% of excess over \$960	\$2,254 - \$6,958	\$153.70 plus 15% of excess over \$2,254
\$3,313 - \$7,754	\$429.75 plus 25% of excess over \$3,313	\$6,958 - \$13,317	\$859.30 plus 25% of excess over \$6,958
\$7,754 - \$15,967	\$1,540.00 plus 28% of excess over \$7,754	\$13,317 - \$19,921	\$2,449.05 plus 28% of excess over \$13,317
\$15,967 - \$34,483	\$3,839.64 plus 33% of excess over \$15,967	\$19,921 - \$35,008	\$4,298.17 plus 33% of excess over \$19,921
\$34,483 - \$34,625	\$9,949.92 plus 35% of excess over \$34,483	\$35,008 - \$39,454	\$9,276.88 plus 35% of excess over \$35,008
\$34,625 or Greater	\$9,999.62 plus 39.6% of excess over \$34,625	\$39,454 or Greater	\$10,832.98 plus 39.6% of excess over \$39,454

TABLES FOR PERCENTAGE METHOD OF WITHHOLDING (continued)

Source: IRS Notice 1036 (January 2015)

Table 7 Annual Payroll Period			
(a) SINGLE person (including head of household)		(b) MARRIED person	
If the amount of wages (after subtracting withholding allowances) is:	The amount of income tax to withhold is:	If the amount of wages (after subtracting withholding allowances) is:	The amount of income tax to withhold is:
Not over \$2,300	\$0	Not over \$8,600	\$0
\$2,300 - \$11,525	10% of excess over \$2,300	\$8,600 - \$27,050	10% of excess over \$8,600
\$11,525 - \$39,750	\$922.50 plus 15% of excess over \$11,525	\$27,050 - \$83,500	\$1,845.00 plus 15% of excess over \$27,050
\$39,750 - \$93,050	\$5,156.25 plus 25% of excess over \$39,750	\$83,500 - \$159,800	\$10,312.50 plus 25% of excess over \$83,500
\$93,050 - \$191,600	\$18,481.25 plus 28% of excess over \$93,050	\$159,800 - \$239,050	\$29,387.50 plus 28% of excess over \$159,800
\$191,600 - \$413,800	\$46,075.25 plus 33% of excess over \$191,600	\$239,050 - \$420,100	\$51,577.50 plus 33% of excess over \$239,050
\$413,800 - 415,500	\$119,401.25 plus 35% of excess over \$413,800	\$420,100 - \$473,450	\$111,324.00 plus 35% of excess over \$420,100
\$415,500 or Greater	\$119,996.25 plus 39.6% of excess over \$415,500	\$473,450 or Greater	\$129,996.50 plus 39.6% of excess over \$473,450