PART 1

ANNUALIZED INCOME TAX WITHHOLDING

Value of each regular withholding allowance..................................$1,144
Extra lump sum withholding allowance amount..............................$4,350

Annualized Income Tax Withholding: You may determine the tax to be withheld on the basis of annualized wages (using the tax computation method for annual payroll periods), then prorate the tax on the basis of the payroll period actually used. Employers with more than one payroll period (for instance, part-timers paid weekly; full-timers paid semi-monthly) may find this method helpful for conserving computer memory capacity. Only the annual rates below, wage brackets and allowance values need to be stored.

Example: An employee who is single and has only one job, is paid $500 a week. He claims three withholding allowances (one personal exemption, an allowance since he is single and has only one job, and an allowance for his estimated itemized deductions) on the Employee's Withholding Allowance and Status Certificate (Form HW-4) on file with you.

1. Multiply weekly wage of $500 x 52 weeks to determine annual wage ………….. $ 26,000.00

2. Regular withholding allowances ($1,144 x 3) ....…………………………………….. $ 3,432.00

3. Extra lump sum withholding allowance amount …………………………………….. $ 4,350.00

4. Amount subject to withholding (line 1 minus line 2 and line 3) …………………… $ 18,218.00

5. Compute withholding tax on $18,218 using the WITHHOLDING TAX RATES below for a single person, annual payroll period:
   Tax on first $14,400 ……………………………………………………………………. $ 288.00
   Tax on remaining $3,818 at 5.5% …………………………………………………... $ 209.99
   Annual withholding tax ……………………………………………………………….... $ 497.99

6. Compute Weekly withholding tax ($497.99 /52 weeks) …………………………… $ 9.58

ANNUAL PAYROLL PERIOD

Value of each regular withholding allowance …...	$1,144
Extra lump sum withholding allowance amount …...	$4,350

A. Single Persons - Including Unmarried Heads of Household

If the amount of wages (after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

Over	But not over						
$0	$9,600			1.40%	of the excess over	$0
$9,600	$14,400	$134.00	plus	3.20%	of the excess over	$9,600
$14,400	$19,200	$288.00	plus	5.50%	of the excess over	$14,400
$19,200	$24,000	$552.00	plus	6.40%	of the excess over	$19,200
$24,000	$36,000	$859.00	plus	6.80%	of the excess over	$24,000
$36,000	$48,000	$1,675.00	plus	7.20%	of the excess over	$36,000
$48,000	$125,000	$2,539.00	plus	7.60%	of the excess over	$48,000
$125,000		$8,391.00	plus	7.90%	of the excess over	$125,000

B. Married Persons

If the amount of wages (after subtracting withholding allowances) is:

The amount of income tax to be withheld shall be:

Over	But not over					
$0	$19,200			1.40%	of the excess over	$0
$19,200	$28,800	$269.00	plus	3.20%	of the excess over	$19,200
$28,800	$38,400	$576.00	plus	5.50%	of the excess over	$28,800
$38,400	$48,000	$1,104.00	plus	6.40%	of the excess over	$38,400
$48,000	$72,000	$1,718.00	plus	6.80%	of the excess over	$48,000
$72,000	$96,000	$3,350.00	plus	7.20%	of the excess over	$72,000
$96,000	$250,000	$5,078.00	plus	7.60%	of the excess over	$96,000
$250,000		$16,782.00	plus	7.90%	of the excess over	$250,000