



Office of the State Comptroller
PAYROLL BULLETIN

Subject 1995 Changes in Federal Income Tax Withholding and Earned Income Credit	Bulletin No. P-843
	Date December 16, 1994

FEDERAL TAX

Federal Income Withholding Tax tables have changed effective with Institution checks dated January 5, 1995 and Administration checks dated January 11, 1995. The value of a withholding allowance has been increased to \$48.08 weekly, \$96.15 biweekly and \$208.33 monthly. A copy of the tax tables are attached. To request a copy of the Circular E, Employer's Tax Guide contact the IRS at the toll free number, 1-800-829-3676.

ADVANCE PAYMENT OF EARNED INCOME CREDIT

In 1995, employees whose earned income is less than \$24,396 may be eligible for the advance payment of the Earned Income Credit (EIC), with a maximum credit of \$1,257. Copies of the new 1995 tables for calculating the credit are attached.

Eligible employees must complete a new W-5 Earned Income Credit Advance Payment Certificate each year. Copies of the forms may be obtained from IRS. Instructions for processing the EIC are in the Agency Payroll Manual, Chapter D, Section 4, page 45. For agencies with on-line access to the OSC payroll files the instructions for processing are in the Payroll Manual, Deduction Processing, Section 6, page 114.

Attachments

Tables for Percentage Method of Withholding
(For Wages Paid in 1995)

TABLE 1—WEEKLY 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 \$50 \$0				Not over \$123 \$0			
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$50	—\$476	15%	—\$50	\$123	—\$828	15%	—\$123
\$476	—\$999	\$63.90 plus 28%	—\$476	\$828	—\$1,664	\$105.75 plus 28%	—\$828
\$999	—\$2,295	\$210.34 plus 31%	—\$999	\$1,664	—\$2,839	\$339.83 plus 31%	—\$1,664
\$2,295	—\$4,960	\$612.10 plus 36%	—\$2,295	\$2,839	—\$5,011	\$704.08 plus 36%	—\$2,839
\$4,960	. . . . .	\$1,571.50 plus 39.6%	—\$4,960	\$5,011	. . . . .	\$1,486.00 plus 39.6%	—\$5,011

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 \$100 \$0				Not over \$246 \$0			
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$100	—\$952	15%	—\$100	\$246	—\$1,656	15%	—\$246
\$952	—\$1,998	\$127.80 plus 28%	—\$952	\$1,656	—\$3,329	\$211.50 plus 28%	—\$1,656
\$1,998	—\$4,590	\$420.68 plus 31%	—\$1,998	\$3,329	—\$5,679	\$679.94 plus 31%	—\$3,329
\$4,590	—\$9,919	\$1,224.20 plus 36%	—\$4,590	\$5,679	—\$10,021	\$1,408.44 plus 36%	—\$5,679
\$9,919	. . . . .	\$3,142.64 plus 39.6%	—\$9,919	\$10,021	. . . . .	\$2,971.56 plus 39.6%	—\$10,021

TABLE 3—SEMIMONTHLY 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 \$108 \$0				Not over \$267 \$0			
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$108	—\$1,031	15%	—\$108	\$267	—\$1,794	15%	—\$267
\$1,031	—\$2,165	\$138.45 plus 28%	—\$1,031	\$1,794	—\$3,606	\$229.05 plus 28%	—\$1,794
\$2,165	—\$4,973	\$455.97 plus 31%	—\$2,165	\$3,606	—\$6,152	\$736.41 plus 31%	—\$3,606
\$4,973	—\$10,746	\$1,326.45 plus 36%	—\$4,973	\$6,152	—\$10,856	\$1,525.67 plus 36%	—\$6,152
\$10,746	. . . . .	\$3,404.73 plus 39.6%	—\$10,746	\$10,856	. . . . .	\$3,219.11 plus 39.6%	—\$10,856

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 \$217 \$0				Not over \$533 \$0			
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$217	—\$2,063	15%	—\$217	\$533	—\$3,588	15%	—\$533
\$2,063	—\$4,329	\$276.90 plus 28%	—\$2,063	\$3,588	—\$7,213	\$458.25 plus 28%	—\$3,588
\$4,329	—\$9,946	\$911.38 plus 31%	—\$4,329	\$7,213	—\$12,304	\$1,473.25 plus 31%	—\$7,213
\$9,946	—\$21,492	\$2,652.65 plus 36%	—\$9,946	\$12,304	—\$21,713	\$3,051.46 plus 36%	—\$12,304
\$21,492	. . . . .	\$6,809.21 plus 39.6%	—\$21,492	\$21,713	. . . . .	\$6,436.70 plus 39.6%	—\$21,713

Tables for Percentage Method of Withholding (Continued)
(For Wages Paid in 1995)

TABLE 5—QUARTERLY 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 \$650		\$0		Not over \$1,600		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$650	—\$6,188	15%	—\$650	\$1,600	—\$10,763	15%	—\$1,600
\$6,188	—\$12,988	\$830.70 plus 28%	—\$6,188	\$10,763	—\$21,638	\$1,374.45 plus 28%	—\$10,763
\$12,988	—\$29,838	\$2,734.70 plus 31%	—\$12,988	\$21,638	—\$36,913	\$4,419.45 plus 31%	—\$21,638
\$29,838	—\$64,475	\$7,958.20 plus 36%	—\$29,838	\$36,913	—\$65,138	\$9,154.70 plus 36%	—\$36,913
\$64,475		\$20,427.52 plus 39.6%	—\$64,475	\$65,138		\$19,315.70 plus 39.6%	—\$65,138

TABLE 6—SEMIANNUAL 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 \$1,300		\$0		Not over \$3,200		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$1,300	—\$12,375	15%	—\$1,300	\$3,200	—\$21,525	15%	—\$3,200
\$12,375	—\$25,975	\$1,661.25 plus 28%	—\$12,375	\$21,525	—\$43,275	\$2,748.75 plus 28%	—\$21,525
\$25,975	—\$59,675	\$5,469.25 plus 31%	—\$25,975	\$43,275	—\$73,825	\$8,838.75 plus 31%	—\$43,275
\$59,675	—\$128,950	\$15,916.25 plus 36%	—\$59,675	\$73,825	—\$130,275	\$18,309.25 plus 36%	—\$73,825
\$128,950		\$40,855.25 plus 39.6%	—\$128,950	\$130,275		\$38,631.25 plus 39.6%	—\$130,275

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 \$2,600		\$0		Not over \$6,400		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$2,600	—\$24,750	15%	—\$2,600	\$6,400	—\$43,050	15%	—\$6,400
\$24,750	—\$51,950	\$3,322.50 plus 28%	—\$24,750	\$43,050	—\$86,550	\$5,497.50 plus 28%	—\$43,050
\$51,950	—\$119,350	\$10,938.50 plus 31%	—\$51,950	\$86,550	—\$147,650	\$17,677.50 plus 31%	—\$86,550
\$119,350	—\$257,900	\$31,832.50 plus 36%	—\$119,350	\$147,650	—\$260,550	\$36,618.50 plus 36%	—\$147,650
\$257,900		\$81,710.50 plus 39.6%	—\$257,900	\$260,550		\$77,262.50 plus 39.6%	—\$260,550

TABLE 8—DAILY or MISCELLANEOUS Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) divided by the number of days in the payroll period is:		The amount of income tax to withhold per day is:		If the amount of wages (after subtracting withholding allowances) divided by the number of days in the payroll period is:		The amount of income tax to withhold per day is:	
Not over \$10.00		\$0		Not over \$24.60		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$10.00	—\$95.20	15%	—\$10.00	\$24.60	—\$165.60	15%	—\$24.60
\$95.20	—\$199.80	\$12.78 plus 28%	—\$95.20	\$165.60	—\$332.90	\$21.15 plus 28%	—\$165.60
\$199.80	—\$459.00	\$42.07 plus 31%	—\$199.80	\$332.90	—\$567.90	\$67.99 plus 31%	—\$332.90
\$459.00	—\$991.90	\$122.42 plus 36%	—\$459.00	\$567.90	—\$1,002.10	\$140.84 plus 36%	—\$567.90
\$991.90		\$314.26 plus 39.6%	—\$991.90	\$1,002.10		\$297.15 plus 39.6%	—\$1,002.10

ADVANCE EIC PAYMENT TABLES

Internal Revenue Service tables for computing employer advance payments of the earned income credit in 1995 are reproduced on the following pages. Advance EIC payments may be figured by either the percentage method or the wage bracket method, and tables are provided for each.

The table that relates to the employee's payroll period must be used to calculate advance earned income credit payments. The payroll period is the same as that used for computing withholding of income taxes, i.e., daily, weekly, monthly, etc.

There are two employee status categories that can affect the amount of advance EIC payments: (a) Single or married without spouse filing certificate, and (b) married with both spouses filing certificate. Married employees must indicate on Form W-5 if their spouse receives advance EIC payments. When figuring EIC payments, an employer should make sure it uses the table that correctly reflects the employee's status.

Note that the tables that follow provide the earned income credit for one qualifying child, which is the only credit available through advance payments from the employer. Employees may be eligible for supplemental credits for an additional child, health insurance costs, or an infant. Supplemental credit may be claimed on the employee's tax return.

PERCENTAGE METHOD WITHHOLDING TABLES

The 1995 percentage method withholding tables appear on the following two pages. This method of withholding for federal income taxes works for any amount of income and any number of withholding allowances the employee claims. Use these steps to figure the income tax to withhold under the percentage method:

- ▶ Multiply the value of one withholding allowance from the table below by the number of allowances the employee claims.
- ▶ Subtract that amount from the employee's wages.
- ▶ Using the appropriate percentage method table for the employee's payroll period and marital status, compute the amount to be withheld from wages remaining.

Withholding Allowance Values

<i>Payroll Period</i>	<i>One Allowance</i>
Weekly	\$ 48.08
Biweekly	96.15
Semimonthly	104.17
Monthly	208.33
Quarterly	625.00
Semiannually	1,250.00
Annually	2,500.00
Daily or miscellaneous	9.62

Tables for Percentage Method of Advance EIC Payments

(For Wages Paid in 1995)

Table 1. WEEKLY Payroll Period

(a) SINGLE or MARRIED Without Spouse Filing Certificate			(b) MARRIED With Both Spouses Filing Certificate		
If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:	If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—		Over—	But not over—	
\$0	\$118 . . .	20.40% of wages	\$0	\$59 . . .	20.40% of wages
\$118	\$217 . . .	\$24	\$59	\$108 . . .	\$12
\$217	. . . . .	\$24 less 9.588% of wages in excess of \$217	\$108	. . . . .	\$12 less 9.588% of wages in excess of \$108

Table 2. BIWEEKLY Payroll Period

(a) SINGLE or MARRIED Without Spouse Filing Certificate			(b) MARRIED With Both Spouses Filing Certificate		
If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:	If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—		Over—	But not over—	
\$0	\$236 . . .	20.40% of wages	\$0	\$118 . . .	20.40% of wages
\$236	\$434 . . .	\$48	\$118	\$217 . . .	\$24
\$434	. . . . .	\$48 less 9.588% of wages in excess of \$434	\$217	. . . . .	\$24 less 9.588% of wages in excess of \$217

Table 3. SEMIMONTHLY Payroll Period

(a) SINGLE or MARRIED Without Spouse Filing Certificate			(b) MARRIED With Both Spouses Filing Certificate		
If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:	If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—		Over—	But not over—	
\$0	\$256 . . .	20.40% of wages	\$0	\$128 . . .	20.40% of wages
\$256	\$470 . . .	\$52	\$128	\$235 . . .	\$26
\$470	. . . . .	\$52 less 9.588% of wages in excess of \$470	\$235	. . . . .	\$26 less 9.588% of wages in excess of \$235

Table 4. MONTHLY Payroll Period

(a) SINGLE or MARRIED Without Spouse Filing Certificate			(b) MARRIED With Both Spouses Filing Certificate		
If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:	If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—		Over—	But not over—	
\$0	\$513 . . .	20.40% of wages	\$0	\$256 . . .	20.40% of wages
\$513	\$940 . . .	\$105	\$256	\$470 . . .	\$52
\$940	. . . . .	\$105 less 9.588% of wages in excess of \$940	\$470	. . . . .	\$52 less 9.588% of wages in excess of \$470

Tables for Percentage Method of Advance EIC Payments (Continued)
(For Wages Paid in 1995)

Table 5. QUARTERLY Payroll Period

(a) SINGLE or MARRIED Without Spouse Filing Certificate			(b) MARRIED With Both Spouses Filing Certificate		
If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:	If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—		Over—	But not over—	
\$0	\$1,540 . . .	20.40% of wages	\$0	\$770 . . .	20.40% of wages
\$1,540	\$2,822 . . .	\$314	\$770	\$1,411 . . .	\$157
\$2,822	. . . . .	\$314 less 9.588% of wages in excess of \$2,822	\$1,411	. . . . .	\$157 less 9.588% of wages in excess of \$1,411

Table 6. SEMIANNUAL Payroll Period

(a) SINGLE or MARRIED Without Spouse Filing Certificate			(b) MARRIED With Both Spouses Filing Certificate		
If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:	If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—		Over—	But not over—	
\$0	\$3,080 . . .	20.40% of wages	\$0	\$1,540 . . .	20.40% of wages
\$3,080	\$5,645 . . .	\$628	\$1,540	\$2,822 . . .	\$314
\$5,645	. . . . .	\$628 less 9.588% of wages in excess of \$5,645	\$2,822	. . . . .	\$314 less 9.588% of wages in excess of \$2,822

Table 7. ANNUAL Payroll Period

(a) SINGLE or MARRIED Without Spouse Filing Certificate			(b) MARRIED With Both Spouses Filing Certificate		
If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:	If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—		Over—	But not over—	
\$0	\$6,160 . . .	20.40% of wages	\$0	\$3,080 . . .	20.40% of wages
\$6,160	\$11,290 . . .	\$1,257	\$3,080	\$5,645 . . .	\$628
\$11,290	. . . . .	\$1,257 less 9.588% of wages in excess of \$11,290	\$5,645	. . . . .	\$628 less 9.588% of wages in excess of \$5,645

Table 8. DAILY or MISCELLANEOUS Payroll Period

(a) SINGLE or MARRIED Without Spouse Filing Certificate			(b) MARRIED With Both Spouses Filing Certificate		
If the wages divided by the number of days in such period (before deducting withholding allowances) are:		The amount of payment to be made is the following amount multiplied by the number of days in such period:	If the wages divided by the number of days in such period (before deducting withholding allowances) are:		The amount of payment to be made is the following amount multiplied by the number of days in such period:
Over—	But not over—		Over—	But not over—	
\$0	\$23	20.40% of wages	\$0	\$11	20.40% of wages
\$23	\$43	\$5	\$11	\$21	\$2
\$43	. . . . .	\$5 less 9.588% of wages in excess of \$43	\$21	. . . . .	\$2 less 9.588% of wages in excess of \$21