



Office of the State Comptroller
PAYROLL BULLETIN

Subject Federal Withholding Taxes	Bulletin No. P-359
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There will be a change in Federal Income Tax Withholding effective for Institution payroll checks dated July 7, 1983, and Administration payroll checks dated July 13, 1983.

Federal withholding taxes will be computed based on the tables in the new Circular E, dated July 1983. These tables provide various rates of biweekly withholding tax reductions. In many instances, these reductions will be less than 10% announced as the general tax reduction effective July 1, 1983.

A copy of the new tables are attached to this bulletin.

Income Tax Withholding— Percentage Method

(If you use the wage bracket tables on pages 22 through 41, you may skip this section.)

If you do not want to use the wage bracket tables to figure how much income tax to withhold, you can use a percentage computation based on the table below and the appropriate rate table. This method works for any number of withholding allowances the employee claims.

**Percentage Method Income Tax
Withholding Table**

Payroll Period	One withholding allowance
Weekly	\$19.23
Biweekly	38.46
Semimonthly	41.66
Monthly	83.33
Quarterly	250.00
Semiannually	500.00
Annually	1,000.00
Daily or miscellaneous (each day of the payroll period)	3.85

Use these steps to figure the income tax to withhold under the percentage method:

- Multiply one withholding allowance (see table above) by the number of allowances the employee claims.
- Subtract that amount from the employee's wages.
- Determine amount to withhold from appropriate table on pages 20 and 21.

Example.—An unmarried employee is paid \$150 weekly. This employee has in effect a Form W-4 claiming one personal allowance and the special withholding allowance. Using the percentage method, figure the income tax as follows:

- Total wage payment..... \$150.00
- One allowance..... \$19.23

- Allowances claimed on Form W-4 (including the special withholding allowance) 2
- Line 2 times line 3..... 38.46
- Amount subject to withholding (subtract line 4 from line 1)..... \$111.54
- Tax to be withheld on \$111.54 from Table 1—single person, page 20: tax on first \$79.00..... 6.24
Tax on remainder \$32.54 @ 15%..... 4.88
- Total to be withheld..... \$ 11.12

To figure the income tax to withhold, you may reduce the last digit of the wages to zero, or figure the wages to the nearest dollar.

Annual Income Tax Withholding.—Figure the income tax to withhold on annual wages under the Percentage Method of Withholding for an annual payroll period. Then prorate the tax back to the payroll period.

Example.—A married person claims three personal allowances and the special withholding allowance. She is paid \$170 a week. Multiply the weekly wages by 52 weeks to figure the annual wage of \$8,840. Subtract \$4,000 (the value of 4 withholding allowances) for a balance of \$4,840. The table for the annual payroll period shows the tax to be withheld on \$4,840 is 12 percent of the amount over \$2,400, for a total of \$292.80. Divide the annual tax by 52. The weekly tax is \$5.63.

Advance Payment Tables for the Earned Income Credit

A. Percentage Method

If you do not want to use the wage

bracket tables to figure how much to include in an employee's wages for the advance EIC payment, you can use the percentage computation based on the appropriate rate table.

Find the employee's gross wages before any deductions in the appropriate table on pages 44 and 45. Please note that there are tables for the same payroll periods that are used for percentage method income tax withholding. There are different tables for (a) single or married employees without spouse filing a certificate, and (b) married employees with both spouses filing certificates. Determine the amount of the advance EIC payment shown in the appropriate table for the amount of wages paid.

B. Wage Bracket Method

If you use the wage bracket tables on pages 46 through 50, figure the advance EIC payment as follows.

Find the employee's gross wages before any deductions, in the appropriate table. There are tables for the same payroll periods that are used for wage bracket income tax withholding. There are different tables for (a) single or married employees without spouse filing a certificate and (b) married employees with both spouses filing certificates. Determine the amount of the advance EIC payment shown in the appropriate table for the amount of wages paid.

Using either method, the number of withholding allowances an employee claims on Form W-4 is not used in figuring the advance EIC payment. Nor does it matter that the employee has claimed exemption from income tax withholding on Form W-4.

You may use other methods and kinds of tables for figuring advance EIC payments as long as the amount of the payment is about the same as it would be using tables in this circular. See page 18 for the maximum tolerance allowed.

Highlights of the Social Security Amendments of 1983

The Social Security Amendments of 1983 made the following changes:

- In general, social security coverage and taxes are extended to Federal civilian employees newly hired after 1983 and to all employees of nonprofit organizations, including those who have previously revoked coverage, for services performed after 1983. Nonprofit organizations can no longer terminate coverage after March 31, 1983.
- The social security (FICA) tax rates are increased to 7% each for the employer and employee for wages paid in 1984. However, employees are given a .3% tax credit,

at the time wages are paid. Therefore, you may use the Social Security Employee Tax Tables in this publication for 1983 and 1984 since the effective employee FICA tax rate is 6.7% for both years.

- A part of Social Security (and Tier I Railroad Retirement) benefits received by some individuals is includible in income for years after 1983. These benefits are not subject to income tax withholding. The Social Security Administration and Railroad Retirement Board will send recipients a statement after the end of the year showing the amount of benefits paid during the year.

- The rules concerning social security coverage for individuals working abroad have been expanded to include coverage of American citizens working for a foreign affiliate of an American employer. The ownership interest in the foreign affiliate that is required to be held by the American employer has been reduced from 20% to 10%. These changes are effective April 20, 1983. Form 2032, which is used to elect coverage, is being revised.

Additionally, coverage is extended after 1983 to include employees of foreign affiliates of American employers if the employees are resident aliens of the U.S.

Tables for Percentage Method of Withholding
(For Wages Paid After June 1983 and Before January 1985)

TABLE 1—If the Payroll Period with Respect to an Employee is Weekly

(a) SINGLE person—including head of household:

<i>If the amount of wages is:</i>	<i>The amount of income tax to be withheld shall be:</i>	
Not over \$27	0	
Over—	But not over—	of excess over—
\$27	—\$79	12%
\$79	—\$183	\$6.24 plus 15%
\$183	—\$277	\$21.84 plus 19%
\$277	—\$423	\$39.70 plus 25%
\$423	—\$535	\$76.20 plus 30%
\$535	—\$637	\$109.80 plus 34%
\$637	—\$144.48	plus 37%

(b) MARRIED person—

<i>If the amount of wages is:</i>	<i>The amount of income tax to be withheld shall be:</i>	
Not over \$46	0	
Over—	But not over—	of excess over—
\$46	—\$185	12%
\$185	—\$369	\$16.68 plus 17%
\$369	—\$454	\$47.96 plus 22%
\$454	—\$556	\$66.66 plus 25%
\$556	—\$658	\$92.16 plus 28%
\$658	—\$862	\$120.72 plus 33%
\$862	—\$188.04	plus 37%

TABLE 2—If the Payroll Period With Respect to an Employee is Biweekly

(a) SINGLE person—including head of household:

<i>If the amount of wages is:</i>	<i>The amount of income tax to be withheld shall be:</i>	
Not over \$54	0	
Over—	But not over—	of excess over—
\$54	—\$158	12%
\$158	—\$365	\$12.48 plus 15%
\$365	—\$554	\$43.53 plus 19%
\$554	—\$846	\$79.44 plus 25%
\$846	—\$1,069	\$152.44 plus 30%
\$1,069	—\$1,273	\$219.34 plus 34%
\$1,273	—\$288.70	plus 37%

(b) MARRIED person—

<i>If the amount of wages is:</i>	<i>The amount of income tax to be withheld shall be:</i>	
Not over \$92	0	
Over—	But not over—	of excess over—
\$92	—\$369	12%
\$369	—\$738	\$33.24 plus 17%
\$738	—\$908	\$95.97 plus 22%
\$908	—\$1,112	\$133.37 plus 25%
\$1,112	—\$1,315	\$184.37 plus 28%
\$1,315	—\$1,723	\$241.21 plus 33%
\$1,723	—\$375.85	plus 37%

TABLE 3—If the Payroll Period With Respect to an Employee is Semimonthly

(a) SINGLE person—including head of household:

<i>If the amount of wages is:</i>	<i>The amount of income tax to be withheld shall be:</i>	
Not over \$58	0	
Over—	But not over—	of excess over—
\$58	—\$171	12%
\$171	—\$396	\$13.56 plus 15%
\$396	—\$600	\$47.31 plus 19%
\$600	—\$917	\$86.07 plus 25%
\$917	—\$1,158	\$165.32 plus 30%
\$1,158	—\$1,379	\$237.62 plus 34%
\$1,379	—\$312.76	plus 37%

(b) MARRIED person—

<i>If the amount of wages is:</i>	<i>The amount of income tax to be withheld shall be:</i>	
Not over \$100	0	
Over—	But not over—	of excess over—
\$100	—\$400	12%
\$400	—\$799	\$36.00 plus 17%
\$799	—\$983	\$103.83 plus 22%
\$983	—\$1,204	\$144.31 plus 25%
\$1,204	—\$1,425	\$199.56 plus 28%
\$1,425	—\$1,867	\$261.44 plus 33%
\$1,867	—\$407.30	plus 37%

TABLE 4—If the Payroll Period With Respect to an Employee is Monthly

(a) SINGLE person—including head of household:

<i>If the amount of wages is:</i>	<i>The amount of income tax to be withheld shall be:</i>	
Not over \$117	0	
Over—	But not over—	of excess over—
\$117	—\$342	12%
\$342	—\$792	\$27.00 plus 15%
\$792	—\$1,200	\$94.50 plus 19%
\$1,200	—\$1,833	\$172.02 plus 25%
\$1,833	—\$2,317	\$330.27 plus 30%
\$2,317	—\$2,758	\$475.47 plus 34%
\$2,758	—\$625.41	plus 37%

(b) MARRIED person—

<i>If the amount of wages is:</i>	<i>The amount of income tax to be withheld shall be:</i>	
Not over \$200	0	
Over—	But not over—	of excess over—
\$200	—\$800	12%
\$800	—\$1,598	\$72.00 plus 17%
\$1,598	—\$1,967	\$207.66 plus 22%
\$1,967	—\$2,408	\$288.84 plus 25%
\$2,408	—\$2,850	\$399.09 plus 28%
\$2,850	—\$3,733	\$522.85 plus 33%
\$3,733	—\$814.24	plus 37%

(For Wages Paid After June 1983 and Before January 1985)

TABLE 5—If the Payroll Period With Respect to an Employee is Quarterly

(a) SINGLE person—including head of household:

If the amount of wages is:		The amount of income tax to be withheld shall be:	
Not over \$350		0	
Over—	But not over—		of excess over—
\$350	—\$1,025	12%	—\$350
\$1,025	—\$2,375	\$81.00 plus 15%	—\$1,025
\$2,375	—\$3,600	\$283.50 plus 19%	—\$2,375
\$3,600	—\$5,500	\$516.25 plus 25%	—\$3,600
\$5,500	—\$6,950	\$991.25 plus 30%	—\$5,500
\$6,950	—\$8,275	\$1,426.25 plus 34%	—\$6,950
\$8,275		\$1,876.75 plus 37%	—\$8,275

(b) MARRIED person—

If the amount of wages is:		The amount of income tax to be withheld shall be:	
Not over \$600		0	
Over—	But not over—		of excess over—
\$600	—\$2,400	12%	—\$600
\$2,400	—\$4,795	\$216.00 plus 17%	—\$2,400
\$4,795	—\$5,900	\$623.15 plus 22%	—\$4,795
\$5,900	—\$7,225	\$866.25 plus 25%	—\$5,900
\$7,225	—\$8,550	\$1,197.50 plus 28%	—\$7,225
\$8,550	—\$11,200	\$1,568.50 plus 33%	—\$8,550
\$11,200		\$2,443.00 plus 37%	—\$11,200

TABLE 6—If the Payroll Period With Respect to an Employee is Semiannual

(a) SINGLE person—including head of household:

If the amount of wages is:		The amount of income tax to be withheld shall be:	
Not over \$700		0	
Over—	But not over—		of excess over—
\$700	—\$2,050	12%	—\$700
\$2,050	—\$4,750	\$162.00 plus 15%	—\$2,050
\$4,750	—\$7,200	\$567.00 plus 19%	—\$4,750
\$7,200	—\$11,000	\$1,032.50 plus 25%	—\$7,200
\$11,000	—\$13,900	\$1,982.50 plus 30%	—\$11,000
\$13,900	—\$16,550	\$2,852.50 plus 34%	—\$13,900
\$16,550		\$3,753.50 plus 37%	—\$16,550

(b) MARRIED person—

If the amount of wages is:		The amount of income tax to be withheld shall be:	
Not over \$1,200		0	
Over—	But not over—		of excess over—
\$1,200	—\$4,800	12%	—\$1,200
\$4,800	—\$9,590	\$432.00 plus 17%	—\$4,800
\$9,590	—\$11,800	\$1,246.30 plus 22%	—\$9,590
\$11,800	—\$14,450	\$1,732.50 plus 25%	—\$11,800
\$14,450	—\$17,100	\$2,395.00 plus 28%	—\$14,450
\$17,100	—\$22,400	\$3,137.00 plus 33%	—\$17,100
\$22,400		\$4,886.00 plus 37%	—\$22,400

TABLE 7—If the Payroll Period With Respect to an Employee is Annual

(a) SINGLE person—including head of household:

If the amount of wages is:		The amount of income tax to be withheld shall be:	
Not over \$1,400		0	
Over—	But not over—		of excess over—
\$1,400	—\$4,100	12%	—\$1,400
\$4,100	—\$9,500	\$324.00 plus 15%	—\$4,100
\$9,500	—\$14,400	\$1,134.00 plus 19%	—\$9,500
\$14,400	—\$22,000	\$2,065.00 plus 25%	—\$14,400
\$22,000	—\$27,800	\$3,965.00 plus 30%	—\$22,000
\$27,800	—\$33,100	\$5,705.00 plus 34%	—\$27,800
\$33,100		\$7,507.00 plus 37%	—\$33,100

(b) MARRIED person—

If the amount of wages is:		The amount of income tax to be withheld shall be:	
Not over \$2,400		0	
Over—	But not over—		of excess over—
\$2,400	—\$9,600	12%	—\$2,400
\$9,600	—\$19,180	\$864.00 plus 17%	—\$9,600
\$19,180	—\$23,600	\$2,492.60 plus 22%	—\$19,180
\$23,600	—\$28,900	\$3,465.00 plus 25%	—\$23,600
\$28,900	—\$34,200	\$4,790.00 plus 28%	—\$28,900
\$34,200	—\$44,800	\$6,274.00 plus 33%	—\$34,200
\$44,800		\$9,772.00 plus 37%	—\$44,800

TABLE 8—If the Payroll Period With Respect to an Employee is a Daily Payroll Period or a Miscellaneous Payroll Period

(a) SINGLE person—including head of household:

If the amount of wages divided by the number of days in the payroll period is:		The amount of income tax to be withheld shall be:	
Not over \$5.40		0	
Over—	But not over—		of excess over—
\$5.40	—\$15.80	12%	—\$5.40
\$15.80	—\$36.50	\$1.25 plus 15%	—\$15.80
\$36.50	—\$55.40	\$4.36 plus 19%	—\$36.50
\$55.40	—\$84.60	\$7.95 plus 25%	—\$55.40
\$84.60	—\$106.90	\$15.25 plus 30%	—\$84.60
\$106.90	—\$127.30	\$21.94 plus 34%	—\$106.90
\$127.30		\$28.88 plus 37%	—\$127.30

(b) MARRIED person—

If the amount of wages divided by the number of days in the payroll period is:		The amount of income tax to be withheld shall be:	
Not over \$9.20		0	
Over—	But not over—		of excess over—
\$9.20	—\$36.90	12%	—\$9.20
\$36.90	—\$73.80	\$3.32 plus 17%	—\$36.90
\$73.80	—\$90.80	\$9.59 plus 22%	—\$73.80
\$90.80	—\$111.20	\$13.33 plus 25%	—\$90.80
\$111.20	—\$131.50	\$18.43 plus 28%	—\$111.20
\$131.50	—\$172.30	\$24.11 plus 33%	—\$131.50
\$172.30		\$37.57 plus 37%	—\$172.30