



## Office of the State Comptroller

# PAYROLL BULLETIN

Subject  1998 Changes in Federal Income Tax	Bulletin No.  P-969
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### **FEDERAL TAX**

Federal Income Withholding Tax tables have changed effective in Administration checks dated January 7, 1998 and Institution checks dated January 15, 1998. The value of a withholding allowance has been increased to \$51.92 weekly, \$103.85 biweekly and \$225.00 monthly. A copy of the tax tables will be sent with a copy of this Bulletin which accompanies the Payroll Register. 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 1998, employees whose earned income is less than \$26,473 may be eligible for the advance payment of the Earned Income Credit (EIC), with a maximum credit of \$1,363. Copies of the new 1998 tables for calculating the credits will be sent with the copy of this Bulletin which accompanies the Payroll Register.

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, Deduction Processing, Section 6, page 127.

# 16. How To Use the Income Tax Withholding and Advance Earned Income Credit (EIC) Payment Tables

## Income Tax Withholding

There are several ways to figure income tax withholding. The following methods of withholding are based on information you get from your employees on **Form W-4**, Employee's Withholding Allowance Certificate. See section 9 for more information on Form W-4.

### Wage Bracket Method

Under the wage bracket method, find the proper table (on pages 36-55) for your payroll period and the employee's marital status as shown on his or her Form W-4. Then, based on the number of withholding allowances claimed on the Form W-4 and the amount of wages, find the amount of tax to withhold. If your employee is claiming more than 10 withholding allowances, see below.

**Note:** If you cannot use the wage bracket tables because wages exceed the amount shown in the last bracket of the table, use the percentage method of withholding described below. Be sure to reduce wages by the amount of total withholding allowances in Table 5 before using the percentage method tables (pages 34-35).

**Adjusting wage bracket withholding for employees claiming more than 10 withholding allowances.** The wage bracket tables can be used if an employee claims up to 10 allowances. More than 10 allowances may be claimed because of the special withholding allowance, additional allowances for deductions and credits, and the system itself.

To adapt the tables to more than 10 allowances:

- 1) Multiply the number of withholding allowances over 10 by the allowance value for the payroll period. (The allowance values are in Table 5, **Percentage Method—1998 Amount for One Withholding Allowance** below.)
- 2) Subtract the result from the employee's wages.
- 3) On this amount, find and withhold the tax in the column for 10 allowances.

This is a voluntary method. If you use the wage bracket tables, you may continue to withhold the amount in the "10" column when your employee has more than 10 allowances, using the method above. You can also use any other method described below.

### Percentage Method

If you do not want to use the wage bracket tables on pages 36 through 55 to figure how much income tax to withhold, you can use a percentage computation based on Table 5 below and the appropriate rate table. This

method works for any number of withholding allowances the employee claims and any amount of wages.

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

- 1) Multiply one withholding allowance (see Table 5 below) by the number of allowances the employee claims.
- 2) Subtract that amount from the employee's wages.
- 3) Determine the amount to withhold from the appropriate table on pages 34 and 35.

**Table 5. Percentage Method—1998 Amount for One Withholding Allowance**

Payroll Period	One Withholding Allowance
Weekly . . . . .	\$ 51.92
Biweekly . . . . .	103.85
Semimonthly . . . . .	112.50
Monthly . . . . .	225.00
Quarterly . . . . .	675.00
Semiannually . . . . .	1,350.00
Annually . . . . .	2,700.00
Daily or miscellaneous (each day of the payroll period) . . . . .	10.38

**Example:** An unmarried employee is paid \$450 weekly. This employee has in effect a Form W-4 claiming two withholding allowances. Using the percentage method, figure the income tax to withhold as follows:

1. Total wage payment . . . . .	\$450.00
2. One allowance . . . . .	\$51.92
3. Allowances claimed on Form W-4 . . . . .	2
4. Multiply line 2 by line 3 . . . . .	<u>\$103.84</u>
5. Amount subject to withholding (subtract line 4 from line 1) . . . . .	\$346.16
6. Tax to be withheld on \$346.16 from Table 1—single person, page 34 . . . . .	<u>\$ 44.27</u>

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 for an annual payroll period. Then prorate the tax back to the payroll period.

**Example:** A married person claims four withholding allowances. She is paid \$1,000 a week. Multiply the weekly wages by 52 weeks to figure the annual wage of \$52,000. Subtract \$10,800 (the value of four withholding allowances for 1998) for a balance of \$41,200. Using the table for the annual payroll period, \$5,212.50 is withheld. Divide the annual tax by 52. The weekly tax is \$100.24.

**Tables for Percentage Method of Withholding**  
(For Wages Paid in 1998)

**TABLE 1—WEEKLY Payroll Period**

**(a) SINGLE person (including head of household)—**

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:  
Not over \$51 . . . . . \$0

Over—	But not over—		of excess over—
\$51	—\$517	15%	—\$51
\$517	—\$1,105	\$69.90 plus 28%	—\$517
\$1,105	—\$2,493	\$234.54 plus 31%	—\$1,105
\$2,493	—\$5,385	\$664.82 plus 36%	—\$2,493
\$5,385		\$1,705.94 plus 39.6%	—\$5,385

**(b) MARRIED person—**

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:  
Not over \$124 . . . . . \$0

Over—	But not over—		of excess over—
\$124	—\$899	15%	—\$124
\$899	—\$1,855	\$116.25 plus 28%	—\$899
\$1,855	—\$3,084	\$383.93 plus 31%	—\$1,855
\$3,084	—\$5,439	\$764.92 plus 36%	—\$3,084
\$5,439		\$1,612.72 plus 39.6%	—\$5,439

**TABLE 2—BIWEEKLY Payroll Period**

**(a) SINGLE person (including head of household)—**

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:  
Not over \$102 . . . . . \$0

Over—	But not over—		of excess over—
\$102	—\$1,035	15%	—\$102
\$1,035	—\$2,210	\$139.95 plus 28%	—\$1,035
\$2,210	—\$4,987	\$468.95 plus 31%	—\$2,210
\$4,987	—\$10,769	\$1,329.82 plus 36%	—\$4,987
\$10,769		\$3,411.34 plus 39.6%	—\$10,769

**(b) MARRIED person—**

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:  
Not over \$248 . . . . . \$0

Over—	But not over—		of excess over—
\$248	—\$1,798	15%	—\$248
\$1,798	—\$3,710	\$232.50 plus 28%	—\$1,798
\$3,710	—\$6,167	\$767.86 plus 31%	—\$3,710
\$6,167	—\$10,879	\$1,529.53 plus 36%	—\$6,167
\$10,879		\$3,225.85 plus 39.6%	—\$10,879

**TABLE 3—SEMIMONTHLY Payroll Period**

**(a) SINGLE person (including head of household)—**

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:  
Not over \$110 . . . . . \$0

Over—	But not over—		of excess over—
\$110	—\$1,121	15%	—\$110
\$1,121	—\$2,394	\$151.65 plus 28%	—\$1,121
\$2,394	—\$5,402	\$508.09 plus 31%	—\$2,394
\$5,402	—\$11,667	\$1,440.57 plus 36%	—\$5,402
\$11,667		\$3,695.97 plus 39.6%	—\$11,667

**(b) MARRIED person—**

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:  
Not over \$269 . . . . . \$0

Over—	But not over—		of excess over—
\$269	—\$1,948	15%	—\$269
\$1,948	—\$4,019	\$251.85 plus 28%	—\$1,948
\$4,019	—\$6,681	\$831.73 plus 31%	—\$4,019
\$6,681	—\$11,785	\$1,656.95 plus 36%	—\$6,681
\$11,785		\$3,494.39 plus 39.6%	—\$11,785

**TABLE 4—MONTHLY Payroll Period**

**(a) SINGLE person (including head of household)—**

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:  
Not over \$221 . . . . . \$0

Over—	But not over—		of excess over—
\$221	—\$2,242	15%	—\$221
\$2,242	—\$4,788	\$303.15 plus 28%	—\$2,242
\$4,788	—\$10,804	\$1,016.03 plus 31%	—\$4,788
\$10,804	—\$23,333	\$2,880.99 plus 36%	—\$10,804
\$23,333		\$7,391.43 plus 39.6%	—\$23,333

**(b) MARRIED person—**

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:  
Not over \$538 . . . . . \$0

Over—	But not over—		of excess over—
\$538	—\$3,896	15%	—\$538
\$3,896	—\$8,038	\$503.70 plus 28%	—\$3,896
\$8,038	—\$13,363	\$1,663.46 plus 31%	—\$8,038
\$13,363	—\$23,571	\$3,314.21 plus 36%	—\$13,363
\$23,571		\$6,989.09 plus 39.6%	—\$23,571

**Tables for Percentage Method of Withholding (Continued)**  
(For Wages Paid in 1998)

**TABLE 5—QUARTERLY Payroll Period**

<b>(a) SINGLE person (including head of household)—</b>				<b>(b) MARRIED person—</b>			
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 \$663 . . . . .		\$0		Not over \$1,613 . . . . .		\$0	
<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>		<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>	
\$663	—\$6,725	15%	—\$663	\$1,613	—\$11,688	15%	—\$1,613
\$6,725	—\$14,363	\$909.30 plus 28%	—\$6,725	\$11,688	—\$24,113	\$1,511.25 plus 28%	—\$11,688
\$14,363	—\$32,413	\$3,047.94 plus 31%	—\$14,363	\$24,113	—\$40,088	\$4,990.25 plus 31%	—\$24,113
\$32,413	—\$70,000	\$8,643.44 plus 36%	—\$32,413	\$40,088	—\$70,713	\$9,942.50 plus 36%	—\$40,088
\$70,000		\$22,174.76 plus 39.6%	—\$70,000	\$70,713		\$20,967.50 plus 39.6%	—\$70,713

**TABLE 6—SEMIANNUAL Payroll Period**

<b>(a) SINGLE person (including head of household)—</b>				<b>(b) MARRIED person—</b>			
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 \$1,325 . . . . .		\$0		Not over \$3,225 . . . . .		\$0	
<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>		<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>	
\$1,325	—\$13,450	15%	—\$1,325	\$3,225	—\$23,375	15%	—\$3,225
\$13,450	—\$28,725	\$1,818.75 plus 28%	—\$13,450	\$23,375	—\$48,225	\$3,022.50 plus 28%	—\$23,375
\$28,725	—\$64,825	\$6,095.75 plus 31%	—\$28,725	\$48,225	—\$80,175	\$9,980.50 plus 31%	—\$48,225
\$64,825	—\$140,000	\$17,286.75 plus 36%	—\$64,825	\$80,175	—\$141,425	\$19,885.00 plus 36%	—\$80,175
\$140,000		\$44,349.75 plus 39.6%	—\$140,000	\$141,425		\$41,935.00 plus 39.6%	—\$141,425

**TABLE 7—ANNUAL Payroll Period**

<b>(a) SINGLE person (including head of household)—</b>				<b>(b) MARRIED person—</b>			
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 \$2,650 . . . . .		\$0		Not over \$6,450 . . . . .		\$0	
<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>		<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>	
\$2,650	—\$26,900	15%	—\$2,650	\$6,450	—\$46,750	15%	—\$6,450
\$26,900	—\$57,450	\$3,637.50 plus 28%	—\$26,900	\$46,750	—\$96,450	\$6,045.00 plus 28%	—\$46,750
\$57,450	—\$129,650	\$12,191.50 plus 31%	—\$57,450	\$96,450	—\$160,350	\$19,961.00 plus 31%	—\$96,450
\$129,650	—\$280,000	\$34,573.50 plus 36%	—\$129,650	\$160,350	—\$282,850	\$39,770.00 plus 36%	—\$160,350
\$280,000		\$88,699.50 plus 39.6%	—\$280,000	\$282,850		\$83,870.00 plus 39.6%	—\$282,850

**TABLE 8—DAILY or MISCELLANEOUS Payroll Period**

<b>(a) SINGLE person (including head of household)—</b>				<b>(b) MARRIED person—</b>			
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 \$10.20 . . . . .		\$0		Not over \$24.80 . . . . .		\$0	
<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>		<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>	
\$10.20	—\$103.50	15%	—\$10.20	\$24.80	—\$179.80	15%	—\$24.80
\$103.50	—\$221.00	\$14.00 plus 28%	—\$103.50	\$179.80	—\$371.00	\$23.25 plus 28%	—\$179.80
\$221.00	—\$498.70	\$46.90 plus 31%	—\$221.00	\$371.00	—\$616.70	\$76.79 plus 31%	—\$371.00
\$498.70	—\$1,076.90	\$132.99 plus 36%	—\$498.70	\$616.70	—\$1,087.90	\$152.96 plus 36%	—\$616.70
\$1,076.90		\$341.14 plus 39.6%	—\$1,076.90	\$1,087.90		\$322.59 plus 39.6%	—\$1,087.90

# Tables for Percentage Method of Advance EIC Payments

(For Wages Paid in 1998)

## Table 1. WEEKLY Payroll Period

### (a) SINGLE or MARRIED Without Spouse Filing Certificate

If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—	
\$0	\$128 . . . .	20.40% of wages
\$128	\$235 . . . .	\$26
\$235	. . . . .	\$26 less 9.588% of wages in excess of \$235

### (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:
Over—	But not over—	
\$0	\$64 . . . .	20.40% of wages
\$64	\$117 . . . .	\$13
\$117	. . . . .	\$13 less 9.588% of wages in excess of \$117

## Table 2. BIWEEKLY Payroll Period

### (a) SINGLE or MARRIED Without Spouse Filing Certificate

If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—	
\$0	\$256 . . . .	20.40% of wages
\$256	\$471 . . . .	\$52
\$471	. . . . .	\$52 less 9.588% of wages in excess of \$471

### (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:
Over—	But not over—	
\$0	\$128 . . . .	20.40% of wages
\$128	\$235 . . . .	\$26
\$235	. . . . .	\$26 less 9.588% of wages in excess of \$235

## Table 3. SEMIMONTHLY Payroll Period

### (a) SINGLE or MARRIED Without Spouse Filing Certificate

If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—	
\$0	\$278 . . . .	20.40% of wages
\$278	\$510 . . . .	\$57
\$510	. . . . .	\$57 less 9.588% of wages in excess of \$510

### (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:
Over—	But not over—	
\$0	\$139 . . . .	20.40% of wages
\$139	\$255 . . . .	\$28
\$255	. . . . .	\$28 less 9.588% of wages in excess of \$255

## Table 4. MONTHLY Payroll Period

### (a) SINGLE or MARRIED Without Spouse Filing Certificate

If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—	
\$0	\$556 . . . .	20.40% of wages
\$556	\$1,021 . . . .	\$113
\$1,021	. . . . .	\$113 less 9.588% of wages in excess of \$1,021

### (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:
Over—	But not over—	
\$0	\$278 . . . .	20.40% of wages
\$278	\$510 . . . .	\$57
\$510	. . . . .	\$57 less 9.588% of wages in excess of \$510

# Tables for Percentage Method of Advance EIC Payments (Continued)

(For Wages Paid in 1998)

## Table 5. QUARTERLY Payroll Period

### (a) SINGLE or MARRIED Without Spouse Filing Certificate

If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—	
\$0	\$1,670 . . .	20.40% of wages
\$1,670	\$3,065 . . .	\$341
\$3,065	. . . . .	\$341 less 9.588% of wages in excess of \$3,065

### (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:
Over—	But not over—	
\$0	\$835 . . .	20.40% of wages
\$835	\$1,532 . . .	\$170
\$1,532	. . . . .	\$170 less 9.588% of wages in excess of \$1,532

## Table 6. SEMIANNUAL Payroll Period

### (a) SINGLE or MARRIED Without Spouse Filing Certificate

If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—	
\$0	\$3,340 . . .	20.40% of wages
\$3,340	\$6,130 . . .	\$681
\$6,130	. . . . .	\$681 less 9.588% of wages in excess of \$6,130

### (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:
Over—	But not over—	
\$0	\$1,670 . . .	20.40% of wages
\$1,670	\$3,065 . . .	\$341
\$3,065	. . . . .	\$341 less 9.588% of wages in excess of \$3,065

## Table 7. ANNUAL Payroll Period

### (a) SINGLE or MARRIED Without Spouse Filing Certificate

If the amount of wages (before deducting withholding allowances) is:		The amount of payment to be made is:
Over—	But not over—	
\$0	\$6,680 . . .	20.40% of wages
\$6,680	\$12,260 . . .	\$1,363
\$12,260	. . . . .	\$1,363 less 9.588% of wages in excess of \$12,260

### (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:
Over—	But not over—	
\$0	\$3,340 . . .	20.40% of wages
\$3,340	\$6,130 . . .	\$681
\$6,130	. . . . .	\$681 less 9.588% of wages in excess of \$6,130

## Table 8. DAILY or MISCELLANEOUS Payroll Period

### (a) SINGLE or MARRIED Without Spouse 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:
Over—	But not over—	
\$0	\$25 . . . . .	20.40% of wages
\$25	\$47 . . . . .	\$5
\$47	. . . . .	\$5 less 9.588% of wages in excess of \$47

### (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:
Over—	But not over—	
\$0	\$12 . . . . .	20.40% of wages
\$12	\$23 . . . . .	\$2
\$23	. . . . .	\$2 less 9.588% of wages in excess of \$23