

Employer Withholding Taxes: Optional Computer Formula

In order to determine the employee's taxable wage, use the following formula:

$$TW = (\text{pay per period} \times PP) - (\$650 \times \text{number of exemptions})$$

Taxable Wage	WD =	Withholding Deduction
\$5,000 or less	WD =	$\frac{TW \times .005}{PP} \times 1.547$
More than \$5,000 but not more than \$10,000	WD =	$\frac{(TW - 5000) \times .01 + \$25.00}{PP} \times 1.547$
More than \$10,000 but not more than \$15,000	WD =	$\frac{(TW - 10000) \times .02 + \$75.00}{PP} \times 1.547$
More than \$15,000 but not more than \$20,000	WD =	$\frac{(TW - 15000) \times .025 + \$175.00}{PP} \times 1.547$
More than \$20,000 but not more than \$40,000	WD =	$\frac{(TW - 20000) \times .03 + \$300.00}{PP} \times 1.547$
More than \$40,000 but not more than \$80,000	WD =	$\frac{(TW - 40000) \times .035 + \$900.00}{PP} \times 1.547$
More than \$80,000 but not more than \$100,000	WD =	$\frac{(TW - 80000) \times .04 + \$2300.00}{PP} \times 1.547$
More than \$100,000	WD =	$\frac{(TW - 100000) \times .05 + \$3100.00}{PP} \times 1.547$
PP – the number of pay periods per year TW – taxable wage WD – withholding deduction		