

Employer Withholding Taxes: Optional Computer Formula (Effective Jan. 1, 2008)

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	Withholding Deduction
\$5,000 or less	WD = $\frac{TW \times .005}{PP} \times 1.344$
More than \$5,000 but not more than \$10,000	WD = $\frac{(TW - 5,000) \times .01 + \$25.00}{PP} \times 1.344$
More than \$10,000 but not more than \$15,000	WD = $\frac{(TW - 10,000) \times .02 + \$75.00}{PP} \times 1.344$
More than \$15,000 but not more than \$20,000	WD = $\frac{(TW - 15,000) \times .025 + \$175.00}{PP} \times 1.344$
More than \$20,000 but not more than \$40,000	WD = $\frac{(TW - 20,000) \times .03 + \$300.00}{PP} \times 1.344$
More than \$40,000 but not more than \$80,000	WD = $\frac{(TW - 40,000) \times .035 + \$900.00}{PP} \times 1.344$
More than \$80,000 but not more than \$100,000	WD = $\frac{(TW - 80,000) \times .04 + \$2,300.00}{PP} \times 1.344$
More than \$100,000	WD = $\frac{(TW - 10,0000) \times .05 + \$3,100.00}{PP} \times 1.344$
PP – the number of pay periods per year TW – taxable wage WD – withholding deduction	