

State of North Carolina Office of the State Controller

Michael F. Easley, Governor

Robert L. Powell, State Controller

January 16, 2001

MEMORANDUM NO. PR2002-002

TO: All Agencies Served by the State Controller's Office
Payroll section

FROM: Roger Farmer
Payroll Administrator

SUBJECT: Tax Tables for 2002

Please find enclosed the following forms and tables:

Social Security Waiver	Federal Withholding Allowance Table
Federal Tax Tables	Newly Revised NC Tax Tables
Advance EIC Tables	Form W-5 with instructions
2002 Monthly Tax Table Calculation Sheet	

FEDERAL TAX

The Federal Tax Tables include a new 10% Tier this year.

FEDERAL WITHHOLDING ALLOWANCES

	<u>FROM</u>	<u>TO</u>
ANNUAL	\$2,900.00	\$3,000.00
MONTHLY	241.67	250.00
SEMIMONTHLY	120.83	125.00

SUPPLEMENTAL DEFAULT PERCENTAGE – 27%

MAILING ADDRESS
1410 Mail Service Center
Raleigh, NC 27699-1410

Telephone: (919) 981-5454
Fax Number: (919) 981-5567
State Courier: 56-50-10

LOCATION
3512 Bush Street
Raleigh, NC

Website: www.osc.state.nc.us/OSC/

An Equal Opportunity/Affirmative Action/Americans With Disabilities Employer

NORTH CAROLINA TAX

The NC Tax Tables include a new 8.25% Tier

NC TAX WITHHOLDING ALLOWANCE

THESE ALLOWANCES ARE SHOWN WITHIN EACH TABLE.

SUPPLEMENTAL DEFAULT PERCENTAGE - 6%

TAX CALCULATION

NEW FOR THIS YEAR – THE NC TAX AMOUNTS ARE ROUNDED TO THE NEAREST WHOLE DOLLAR AMOUNT. THIS CHANGE APPLIES ONLY FOR NC TAX.

ADVANCE EARNED INCOME CREDIT TABLES

THIS YEAR THE EIC TABLES HAVE EXPANDED FROM TWO TO THREE TABLES.

EIC CODING

	<u>USE EIC CODE</u>
SINGLE OR HEAD OF HOUSEHOLD	3
MARRIED WITHOUT SPOUSE FILING CERTIFICATE	2
MARRIED WITH BOTH SPOUSES FILING CERTIFICATE	1

SOCIAL SECURITY INFORMATION

WAGES SUBJECT CEILING

<u>CATEGORY</u>	<u>FROM</u>	<u>TO</u>	<u>APPLICABLE PERCENTAGE</u>
OASD	\$80,400	\$84,900	6.20
HI	NO CEILING	NO CEILING	1.45
MQFE	NO CEILING	NO CEILING	1.45

DATE

MEMORANDUM

TO: Office of the State Controller-
Payroll section

FROM _____/
Agency Name/Number

SUBJECT: Over Collection of Social Security and Medicare
Taxes Due to wage adjustment(s).

The purpose of this memorandum is to certify that I have not claimed and will not claim a refund or a credit for the amounts of the Social Security and Medicare Tax over collections caused by the wage adjustments on my W-2c. Listed below are the adjustment amounts.

EMPLOYEE NAME _____

EMPLOYEE SOCIAL SECURITY NUMBER _____

REFUND YEAR _____

	WAGES SUBJECT	TAX AMOUNT
Social Security (OASDI) (NOTE - WAGES SUBJECT X 6.2% = TAX AMOUNT)	\$ _____ . ____	\$ _____ . ____
Medicare Wages (HI) (NOTE - WAGES SUBJECT X 1.45% = TAX AMOUNT)	\$ _____ . ____	\$ _____ . ____
Total Tax Adjustment		\$ _____ . ____

(Employee Signature)

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—2002 Amount for One Withholding Allowance** later.)
- 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 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 for your payroll period (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—2002 Amount for One Withholding Allowance

Payroll Period	One Withholding Allowance
Weekly	\$57.69
Biweekly	115.38
Semimonthly	125.00
Monthly	250.00
Quarterly	750.00
Semiannually	1,500.00
Annually	3,000.00
Daily or miscellaneous (each day of the payroll period)	11.54

Example: An unmarried employee is paid \$600 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	\$600.00
2. One allowance	\$57.69
3. Allowances claimed on Form W-4 <u>2</u>	
4. Multiply line 2 by line 3	<u>\$115.38</u>
5. Amount subject to withholding (subtract line 4 from line 1)	\$484.62
6. Tax to be withheld on \$484.62 from Table 1—single person, page 34	<u>\$ 59.39</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 \$12,000 (the value of four withholding allowances for 2002) for a balance of \$40,000. Using the table for the annual payroll period on page 35, \$4,432.50 is withheld. Divide the annual tax by 52. The weekly tax to withhold is \$85.24.

Tables for Percentage Method of Withholding
(For Wages Paid in 2002)

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 \$51		\$0		Not over \$124		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$51	—\$164	10%	—\$51	\$124	—\$355	10%	—\$124
\$164	—\$570	\$11.30 plus 15%	—\$164	\$355	—\$991	\$23.10 plus 15%	—\$355
\$570	—\$1,247	\$72.20 plus 27%	—\$570	\$991	—\$2,110	\$118.50 plus 27%	—\$991
\$1,247	—\$2,749	\$254.99 plus 30%	—\$1,247	\$2,110	—\$3,400	\$420.63 plus 30%	—\$2,110
\$2,749	—\$5,938	\$705.59 plus 35%	—\$2,749	\$3,400	—\$5,998	\$807.63 plus 35%	—\$3,400
\$5,938		\$1,821.74 plus 38.6%	—\$5,938	\$5,998		\$1,716.93 plus 38.6%	—\$5,998

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 \$102		\$0		Not over \$248		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$102	—\$329	10%	—\$102	\$248	—\$710	10%	—\$248
\$329	—\$1,140	\$22.70 plus 15%	—\$329	\$710	—\$1,983	\$46.20 plus 15%	—\$710
\$1,140	—\$2,493	\$144.35 plus 27%	—\$1,140	\$1,983	—\$4,219	\$237.15 plus 27%	—\$1,983
\$2,493	—\$5,498	\$509.66 plus 30%	—\$2,493	\$4,219	—\$6,800	\$840.87 plus 30%	—\$4,219
\$5,498	—\$11,875	\$1,411.16 plus 35%	—\$5,498	\$6,800	—\$11,996	\$1,615.17 plus 35%	—\$6,800
\$11,875		\$3,643.11 plus 38.6%	—\$11,875	\$11,996		\$3,433.77 plus 38.6%	—\$11,996

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 \$110		\$0		Not over \$269		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$110	—\$356	10%	—\$110	\$269	—\$769	10%	—\$269
\$356	—\$1,235	\$24.60 plus 15%	—\$356	\$769	—\$2,148	\$50.00 plus 15%	—\$769
\$1,235	—\$2,701	\$156.45 plus 27%	—\$1,235	\$2,148	—\$4,571	\$256.85 plus 27%	—\$2,148
\$2,701	—\$5,956	\$552.27 plus 30%	—\$2,701	\$4,571	—\$7,367	\$911.06 plus 30%	—\$4,571
\$5,956	—\$12,865	\$1,528.77 plus 35%	—\$5,956	\$7,367	—\$12,996	\$1,749.86 plus 35%	—\$7,367
\$12,865		\$3,946.92 plus 38.6%	—\$12,865	\$12,996		\$3,720.01 plus 38.6%	—\$12,996

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 \$221		\$0		Not over \$538		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$221	—\$713	10%	—\$221	\$538	—\$1,538	10%	—\$538
\$713	—\$2,471	\$49.20 plus 15%	—\$713	\$1,538	—\$4,296	\$100.00 plus 15%	—\$1,538
\$2,471	—\$5,402	\$312.90 plus 27%	—\$2,471	\$4,296	—\$9,142	\$513.70 plus 27%	—\$4,296
\$5,402	—\$11,913	\$1,104.27 plus 30%	—\$5,402	\$9,142	—\$14,733	\$1,822.12 plus 30%	—\$9,142
\$11,913	—\$25,729	\$3,057.57 plus 35%	—\$11,913	\$14,733	—\$25,992	\$3,499.42 plus 35%	—\$14,733
\$25,729		\$7,893.17 plus 38.6%	—\$25,729	\$25,992		\$7,440.07 plus 38.6%	—\$25,992

Tables for Percentage Method of Withholding (Continued)

(For Wages Paid in 2002)

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 \$663		\$0		Not over \$1,613		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$663	—\$2,138	10%	—\$663	\$1,613	—\$4,613	10%	—\$1,613
\$2,138	—\$7,413	\$147.50 plus 15%	—\$2,138	\$4,613	—\$12,888	\$300.00 plus 15%	—\$4,613
\$7,413	—\$16,205	\$938.75 plus 27%	—\$7,413	\$12,888	—\$27,425	\$1,541.25 plus 27%	—\$12,888
\$16,205	—\$35,738	\$3,312.59 plus 30%	—\$16,205	\$27,425	—\$44,200	\$5,466.24 plus 30%	—\$27,425
\$35,738	—\$77,188	\$9,172.49 plus 35%	—\$35,738	\$44,200	—\$77,975	\$10,498.74 plus 35%	—\$44,200
\$77,188	. . . . .	\$23,679.99 plus 38.6%	—\$77,188	\$77,975	. . . . .	\$22,319.99 plus 38.6%	—\$77,975

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 \$1,325		\$0		Not over \$3,225		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$1,325	—\$4,275	10%	—\$1,325	\$3,225	—\$9,225	10%	—\$3,225
\$4,275	—\$14,825	\$295.00 plus 15%	—\$4,275	\$9,225	—\$25,775	\$600.00 plus 15%	—\$9,225
\$14,825	—\$32,410	\$1,877.50 plus 27%	—\$14,825	\$25,775	—\$54,850	\$3,082.50 plus 27%	—\$25,775
\$32,410	—\$71,475	\$6,625.45 plus 30%	—\$32,410	\$54,850	—\$88,400	\$10,932.75 plus 30%	—\$54,850
\$71,475	—\$154,375	\$18,344.95 plus 35%	—\$71,475	\$88,400	—\$155,950	\$20,997.75 plus 35%	—\$88,400
\$154,375	. . . . .	\$47,359.95 plus 38.6%	—\$154,375	\$155,950	. . . . .	\$44,640.25 plus 38.6%	—\$155,950

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 \$2,650		\$0		Not over \$6,450		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$2,650	—\$8,550	10%	—\$2,650	\$6,450	—\$18,450	10%	—\$6,450
\$8,550	—\$29,650	\$590.00 plus 15%	—\$8,550	\$18,450	—\$51,550	\$1,200.00 plus 15%	—\$18,450
\$29,650	—\$64,820	\$3,755.00 plus 27%	—\$29,650	\$51,550	—\$109,700	\$6,165.00 plus 27%	—\$51,550
\$64,820	—\$142,950	\$13,250.90 plus 30%	—\$64,820	\$109,700	—\$176,800	\$21,865.50 plus 30%	—\$109,700
\$142,950	—\$308,750	\$36,689.90 plus 35%	—\$142,950	\$176,800	—\$311,900	\$41,995.50 plus 35%	—\$176,800
\$308,750	. . . . .	\$94,719.90 plus 38.6%	—\$308,750	\$311,900	. . . . .	\$89,280.50 plus 38.6%	—\$311,900

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 \$10.20		\$0		Not over \$24.80		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$10.20	—\$32.90	10%	—\$10.20	\$24.80	—\$71.00	10%	—\$24.80
\$32.90	—\$114.00	\$2.27 plus 15%	—\$32.90	\$71.00	—\$198.30	\$4.62 plus 15%	—\$71.00
\$114.00	—\$249.30	\$14.44 plus 27%	—\$114.00	\$198.30	—\$421.90	\$23.72 plus 27%	—\$198.30
\$249.30	—\$549.80	\$50.97 plus 30%	—\$249.30	\$421.90	—\$680.00	\$84.09 plus 30%	—\$421.90
\$549.80	—\$1,187.50	\$141.12 plus 35%	—\$549.80	\$680.00	—\$1,199.60	\$161.52 plus 35%	—\$680.00
\$1,187.50	. . . . .	\$364.32 plus 38.6%	—\$1,187.50	\$1,199.60	. . . . .	\$343.38 plus 38.6%	—\$1,199.60

Percentage Method - Formula Tables for Percentage Method Withholding Computations
(Round off the final result of calculations to the nearest whole dollar.)

Weekly Payroll Period

Single Person

If weekly income is less than \$1,153.85, use \$48.08 for each allowance claimed. If \$1,153.85 or more, use \$38.46.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 57.69		-0-
\$ 57.69	\$ 302.88	6% less	\$ 3.46
\$ 302.88	\$ 1,211.54	7% less	\$ 6.49
\$ 1,211.54	\$ 2,365.38	7.75% less	\$ 15.58
\$ 2,365.38		8.25% less	\$ 27.40

Head of Household

If weekly income is less than \$1,538.46, use \$48.08 for each allowance claimed. If \$1,538.46 or more, use \$38.46.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 84.62		-0-
\$ 84.62	\$ 411.54	6% less	\$ 5.08
\$ 411.54	\$ 1,623.08	7% less	\$ 9.19
\$ 1,623.08	\$ 3,161.54	7.75% less	\$ 21.37
\$ 3,161.54		8.25% less	\$ 37.17

Married Person or Qualifying Widow(er)

If weekly income is less than \$961.54, use \$48.08 for each allowance claimed. If \$961.54 or more, use \$38.46.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 52.88		-0-
\$ 52.88	\$ 257.21	6% less	\$ 3.17
\$ 257.21	\$ 1,014.42	7% less	\$ 5.74
\$ 1,014.42	\$ 1,975.96	7.75% less	\$ 13.35
\$ 1,975.96		8.25% less	\$ 23.23

Biweekly Payroll Period

Single Person

If biweekly income is less than \$2,307.69, use \$96.15 for each allowance claimed. If \$2,307.69 or more, use \$76.92.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 115.39		-0-
\$ 115.39	\$ 605.77	6% less	\$ 6.92
\$ 605.77	\$ 2,423.08	7% less	\$ 12.98
\$ 2,423.08	\$ 4,730.77	7.75% less	\$ 31.15
\$ 4,730.77		8.25% less	\$ 54.81

Head of Household

If biweekly income is less than \$3,076.92, use \$96.15 for each allowance claimed. If \$3,076.92 or more, use \$76.92.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 169.23		-0-
\$ 169.23	\$ 823.08	6% less	\$ 10.15
\$ 823.08	\$ 3,246.15	7% less	\$ 18.38
\$ 3,246.15	\$ 6,323.08	7.75% less	\$ 42.73
\$ 6,323.08		8.25% less	\$ 74.35

Married Person or Qualifying Widow(er)

If biweekly income is less than \$1,923.08, use \$96.15 for each allowance claimed. If \$1,923.08 or more, use \$76.92.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 105.77		-0-
\$ 105.77	\$ 514.42	6% less	\$ 6.35
\$ 514.42	\$ 2,028.85	7% less	\$ 11.49
\$ 2,028.85	\$ 3,951.92	7.75% less	\$ 26.71
\$ 3,951.92		8.25% less	\$ 46.47

Percentage Method - Formula Tables for Percentage Method Withholding Computations
 (Round off the final result of calculations to the nearest whole dollar.)

Semimonthly Payroll Period

Single Person

If semimonthly income is less than \$2,500.00, use \$104.17 for each allowance claimed. If \$2,500.00 or more, use \$83.33.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 125.00	-0-	
\$ 125.00	\$ 656.25	6% less	\$ 7.50
\$ 656.25	\$ 2,625.00	7% less	\$ 14.06
\$ 2,625.00	\$ 5,125.00	7.75% less	\$ 33.75
\$ 5,125.00		8.25% less	\$ 59.38

Head of Household

If semimonthly income is less than \$3,333.33, use \$104.17 for each allowance claimed. If \$3,333.33 or more, use \$83.33.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 183.33	-0-	
\$ 183.33	\$ 891.67	6% less	\$ 11.00
\$ 891.67	\$ 3,516.67	7% less	\$ 19.92
\$ 3,516.67	\$ 6,850.00	7.75% less	\$ 46.29
\$ 6,850.00		8.25% less	\$ 80.54

Married Person or Qualifying Widow(er)

If semimonthly income is less than \$2,083.33, use \$104.17 for each allowance claimed. If \$2,083.33 or more, use \$83.33.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 114.58	-0-	
\$ 114.58	\$ 557.29	6% less	\$ 6.87
\$ 557.29	\$ 2,197.92	7% less	\$ 12.45
\$ 2,197.92	\$ 4,281.25	7.75% less	\$ 28.93
\$ 4,281.25		8.25% less	\$ 50.34

Monthly Payroll Period

Single Person

If monthly income is less than \$5,000.00, use \$208.33 for each allowance claimed. If \$5,000.00 or more, use \$166.67.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 250.00	-0-	
\$ 250.00	\$ 1,312.50	6% less	\$ 15.00
\$ 1,312.50	\$ 5,250.00	7% less	\$ 28.13
\$ 5,250.00	\$ 10,250.00	7.75% less	\$ 67.50
\$ 10,250.00		8.25% less	\$ 118.75

Head of Household

If monthly income is less than \$6,666.67, use \$208.33 for each allowance claimed. If \$6,666.67 or more, use \$166.67.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 366.67	-0-	
\$ 366.67	\$ 1,783.33	6% less	\$ 22.00
\$ 1,783.33	\$ 7,033.33	7% less	\$ 39.83
\$ 7,033.33	\$ 13,700.00	7.75% less	\$ 92.58
\$ 13,700.00		8.25% less	\$ 161.08

Married Person or Qualifying Widow(er)

If monthly income is less than \$4,166.67, use \$208.33 for each allowance claimed. If \$4,166.67 or more, use \$166.67.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 229.17	-0-	
\$ 229.17	\$ 1,114.58	6% less	\$ 13.75
\$ 1,114.58	\$ 4,395.83	7% less	\$ 24.90
\$ 4,395.83	\$ 8,562.50	7.75% less	\$ 57.86
\$ 8,562.50		8.25% less	\$ 100.68

Percentage Method - Formula Tables for Percentage Method Withholding Computations
 (Round off the final result of calculations to the nearest whole dollar.)

Daily or Miscellaneous Payroll Period

Single Person

If daily income is less than \$230.77, use \$9.62 for each allowance claimed. If \$230.77 or more, use \$7.69.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 11.54		-0-
\$ 11.54	\$ 60.58	6% less	\$ 0.89
\$ 60.58	\$ 242.31	7% less	\$ 1.30
\$ 242.31	\$ 473.08	7.75% less	\$ 3.12
\$ 473.08	.....	8.25% less	\$ 5.48

Head of Household

If daily income is less than \$307.69, use \$9.62 for each allowance claimed. If \$307.69 or more, use \$7.69.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 16.92		-0-
\$ 16.92	\$ 82.31	6% less	\$ 1.02
\$ 82.31	\$ 324.62	7% less	\$ 1.83
\$ 324.62	\$ 632.31	7.75% less	\$ 4.27
\$ 632.31	.....	8.25% less	\$ 7.43

Married Person or Qualifying Widow(er)

If daily income is less than \$192.31, use \$9.62 for each allowance claimed. If \$192.31 or more, use \$7.69.

If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over-	But not over-	Of such wage	From Product
-0-	\$ 10.58		-0-
\$ 10.58	\$ 51.44	6% less	\$ 0.63
\$ 51.44	\$ 202.88	7% less	\$ 1.15
\$ 202.88	\$ 395.19	7.75% less	\$ 2.67
\$ 395.19	.....	8.25% less	\$ 4.65

Formula Tables for Annualized Wages Method Withholding Computations
 (Round off the final result of calculations to the nearest whole dollar.)

Table A

OR

Table B

Single Person			
Projected annualized taxable wages		Projected annualized tax	
Over-	But not over-	Of such wage	From Product
-0-	\$ 12,750	6%	
\$ 12,750	\$ 60,000	7% less	\$ 127.50
\$ 60,000	\$ 120,000	7.75% less	\$ 577.50
\$ 120,000		8.25% less	\$ 1,177.50

Head of Household			
Projected annualized taxable wages		Projected annualized tax	
Over-	But not over-	Of such wage	From Product
-0-	\$ 17,000	6%	
\$ 17,000	\$ 80,000	7% less	\$ 170.00
\$ 80,000	\$ 160,000	7.75% less	\$ 770.00
\$ 160,000		8.25% less	\$ 1,570.00

Married Person or Qualifying Widow(er)			
Projected annualized taxable wages		Projected annualized tax	
Over-	But not over-	Of such wage	From Product
-0-	\$ 10,625	6%	
\$ 10,625	\$ 50,000	7% less	\$ 106.25
\$ 50,000	\$ 100,000	7.75% less	\$ 481.25
\$ 100,000		8.25% less	\$ 981.25

Single Person		
Projected annualized taxable wages		Projected annualized tax
Over-	But not over-	
-0-	\$ 12,750	6%
\$ 12,750	\$ 60,000	\$765 + 7% of amount over \$12,750
\$ 60,000	\$ 120,000	\$4,072.50 + 7.75% of amount over \$60,000
\$ 120,000		\$8,722.50 + 8.25% of amount over \$120,000

Head of Household		
Projected annualized taxable wages		Projected annualized tax
Over-	But not over-	
-0-	\$ 17,000	6%
\$ 17,000	\$ 80,000	\$1,020 + 7% of amount over \$17,000
\$ 80,000	\$ 160,000	\$5,430 + 7.75% of amount over \$80,000
\$ 160,000		\$11,630 + 8.25% of amount over \$160,000

Married Person or Qualifying Widow(er)		
Projected annualized taxable wages		Projected annualized tax
Over-	But not over-	
-0-	\$ 10,625	6%
\$ 10,625	\$ 50,000	\$637.50 + 7% of amount over \$10,625
\$ 50,000	\$ 100,000	\$3,393.75 + 7.75% of amount over \$50,000
\$ 100,000		\$7,268.75 + 8.25% of amount over \$100,000

Tables for Percentage Method of Advance EIC Payments

(For Wages Paid in 2002)

Table 1. WEEKLY Payroll Period

(a) SINGLE or HEAD OF HOUSEHOLD			(b) MARRIED Without Spouse Filing Certificate			(c) 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:	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—		Over—	But not over—	
\$0	\$141	20.40% of wages	\$0	\$141	20.40% of wages	\$0	\$70	20.40% of wages
\$141	\$260	\$29	\$141	\$279	\$29	\$70	\$139	\$14
\$260		\$29 less 9.588% of wages in excess of \$260	\$279		\$29 less 9.588% of wages in excess of \$279	\$139		\$14 less 9.588% of wages in excess of \$139

Table 2. BIWEEKLY Payroll Period

(a) SINGLE or HEAD OF HOUSEHOLD			(b) MARRIED Without Spouse Filing Certificate			(c) 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:	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—		Over—	But not over—	
\$0	\$283	20.40% of wages	\$0	\$283	20.40% of wages	\$0	\$141	20.40% of wages
\$283	\$520	\$58	\$283	\$558	\$58	\$141	\$279	\$29
\$520		\$58 less 9.588% of wages in excess of \$520	\$558		\$58 less 9.588% of wages in excess of \$558	\$279		\$29 less 9.588% of wages in excess of \$279

Table 3. SEMIMONTHLY Payroll Period

(a) SINGLE or HEAD OF HOUSEHOLD			(b) MARRIED Without Spouse Filing Certificate			(c) 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:	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—		Over—	But not over—	
\$0	\$307	20.40% of wages	\$0	\$307	20.40% of wages	\$0	\$153	20.40% of wages
\$307	\$563	\$63	\$307	\$605	\$63	\$153	\$302	\$31
\$563		\$63 less 9.588% of wages in excess of \$563	\$605		\$63 less 9.588% of wages in excess of \$605	\$302		\$31 less 9.588% of wages in excess of \$302

Table 4. MONTHLY Payroll Period

(a) SINGLE or HEAD OF HOUSEHOLD			(b) MARRIED Without Spouse Filing Certificate			(c) 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:	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—		Over—	But not over—	
\$0	\$614	20.40% of wages	\$0	\$614	20.40% of wages	\$0	\$307	20.40% of wages
\$614	\$1,126	\$125	\$614	\$1,210	\$125	\$307	\$605	\$63
\$1,126		\$125 less 9.588% of wages in excess of \$1,126	\$1,210		\$125 less 9.588% of wages in excess of \$1,210	\$605		\$63 less 9.588% of wages in excess of \$605

Tables for Percentage Method of Advance EIC Payments (Continued)
(For Wages Paid in 2002)

Table 5. QUARTERLY Payroll Period

(a) SINGLE or HEAD OF HOUSEHOLD			(b) MARRIED Without Spouse Filing Certificate			(c) 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:	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—		Over—	But not over—	
\$0	\$1,842	20.40% of wages	\$0	\$1,842	20.40% of wages	\$0	\$921	20.40% of wages
\$1,842	\$3,380	\$376	\$1,842	\$3,630	\$376	\$921	\$1,815	\$188
\$3,380		\$376 less 9.588% of wages in excess of \$3,380	\$3,630		\$376 less 9.588% of wages in excess of \$3,630	\$1,815		\$188 less 9.588% of wages in excess of \$1,815

Table 6. SEMIANNUAL Payroll Period

(a) SINGLE or HEAD OF HOUSEHOLD			(b) MARRIED Without Spouse Filing Certificate			(c) 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:	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—		Over—	But not over—	
\$0	\$3,685	20.40% of wages	\$0	\$3,685	20.40% of wages	\$0	\$1,842	20.40% of wages
\$3,685	\$6,760	\$752	\$3,685	\$7,260	\$752	\$1,842	\$3,630	\$376
\$6,760		\$752 less 9.588% of wages in excess of \$6,760	\$7,260		\$752 less 9.588% of wages in excess of \$7,260	\$3,630		\$376 less 9.588% of wages in excess of \$3,630

Table 7. ANNUAL Payroll Period

(a) SINGLE or HEAD OF HOUSEHOLD			(b) MARRIED Without Spouse Filing Certificate			(c) 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:	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—		Over—	But not over—	
\$0	\$7,370	20.40% of wages	\$0	\$7,370	20.40% of wages	\$0	\$3,685	20.40% of wages
\$7,370	\$13,520	\$1,503	\$7,370	\$14,520	\$1,503	\$3,685	\$7,260	\$752
\$13,520		\$1,503 less 9.588% of wages in excess of \$13,520	\$14,520		\$1,503 less 9.588% of wages in excess of \$14,520	\$7,260		\$752 less 9.588% of wages in excess of \$7,260

Table 8. DAILY or MISCELLANEOUS Payroll Period

(a) SINGLE or HEAD OF HOUSEHOLD			(b) MARRIED Without Spouse Filing Certificate			(c) 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:	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—		Over—	But not over—	
\$0	\$28	20.40% of wages	\$0	\$28	20.40% of wages	\$0	\$14	20.40% of wages
\$28	\$52	\$6	\$28	\$55	\$6	\$14	\$27	\$3
\$52		\$6 less 9.588% of wages in excess of \$52	\$55		\$6 less 9.588% of wages in excess of \$55	\$27		\$3 less 9.588% of wages in excess of \$27

2002 Form W-5



Department of the Treasury
Internal Revenue Service

Instructions

Changes To Note

Beginning in 2002, new rules apply to determine who is a qualifying child for purposes of the earned income credit (EIC). See page 2. Also, nontaxable earned income and modified adjusted gross income (MAGI) are no longer taken into account to determine who is eligible for the credit or the amount of the credit. Taxable earned income and AGI are used instead.

Purpose

Use Form W-5 if you are eligible to get part of the EIC in advance with your pay and choose to do so. See **Who Is Eligible To Get Advance EIC Payments?** below. The amount you can get in advance generally depends on your wages. If you are married, the amount of your advance EIC payments also depends on whether your spouse has filed a Form W-5 with his or her employer. However, your employer cannot give you more than \$1,503 throughout 2002 with your pay. You will get the rest of any EIC you are entitled to when you file your tax return and claim the EIC.

If you do not choose to get advance payments, you can still claim the EIC on your 2002 tax return.

What Is the EIC?

The EIC is a credit for certain workers. It reduces the tax you owe. It may give you a refund even if you do not owe any tax.

Who Is Eligible To Get Advance EIC Payments?

You are eligible to get advance EIC payments if **all three** of the following apply.

1. You expect to have at least one qualifying child. If you do not expect to have a qualifying child, you may still be eligible for the EIC, but you **cannot** receive advance EIC payments. See **Who Is a Qualifying Child?** on page 2.

2. You expect that your 2002 earned income and AGI will each be less than \$29,201 (\$30,201 if you expect to file a joint return for 2002). Include your spouse's income if you plan to file a joint return. As used on this form, **earned income** does not include amounts inmates in penal institutions are paid for their work, amounts received as a pension or annuity from a nonqualified deferred compensation plan or a section 457 plan, or nontaxable earned income.

3. You expect to be able to claim the EIC for 2002. To find out if you may be able to claim the EIC, answer the questions on page 2.

Workfare payments. These are cash payments certain people receive from a state or local agency that administers public assistance programs funded under the Federal Temporary Assistance for Needy Families (TANF) program in return for certain work activities such as (a) work experience activities (including work associated with remodeling or repairing publicly assisted housing) if sufficient private sector employment is not available or (b) community service program activities.

How To Get Advance EIC Payments

If you are eligible to get advance EIC payments, fill in the 2002 Form W-5 at the bottom of this page. Then, detach it and give it to your employer. If you get advance payments, you **must** file a 2002 Federal income tax return.

You may have only **one** Form W-5 in effect at one time. If you and your spouse are both employed, you should file separate Forms W-5.

(continued on page 2)

▼ Give the bottom part to your employer; keep the top part for your records. ▼

..... Detach here

Form **W-5**

Earned Income Credit Advance Payment Certificate

OMB No. 1545-1342

Department of the Treasury
Internal Revenue Service

- ▶ Use the current year's certificate only.
- ▶ Give this certificate to your employer.
- ▶ This certificate expires on December 31, 2002.

2002

Print or type your full name

Your social security number

Note: If you get advance payments of the earned income credit for 2002, you **must** file a 2002 Federal income tax return. To get advance payments, you **must** have a qualifying child and your filing status must be any status **except** married filing a separate return.


- 1 I expect to have a qualifying child and be able to claim the earned income credit for 2002, I do not have another Form W-5 in effect with any other current employer, and I choose to get advance EIC payments . . . Yes No
- 2 Check the box that shows your expected filing status for 2002:
 Single, head of household, or qualifying widow(er) Married filing jointly
- 3 If you are married, does your spouse have a Form W-5 in effect for 2002 with any employer? . . . Yes No

Under penalties of perjury, I declare that the information I have furnished above is, to the best of my knowledge, true, correct, and complete.


Signature ▶


Date ▶

Questions To See if You May Be Able To Claim the EIC for 2002


 You **cannot** claim the EIC if you plan to file either **Form 2555** or **Form 2555-EZ** (relating to foreign earned income) for 2002. You also **cannot** claim the EIC if you are a nonresident alien for any part of 2002 unless you are married to a U.S. citizen or resident and elect to be taxed as a resident alien for all of 2002.


1 Do you expect to have a qualifying child? Read **Who Is a Qualifying Child?** that starts below before you answer this question. If the child is married, be sure you also read **Married child** on page 3.

- No.**  You may be able to claim the EIC but you **cannot** get advance EIC payments.
- Yes.** *Continue.*


 If the child meets the conditions to be a qualifying child for both you and another person, see **Qualifying child of more than one person** on page 3.

2 Do you expect your 2002 filing status to be married filing a separate return?


- Yes.**  You **cannot** claim the EIC.
- No.** *Continue.*

 If you expect to file a joint return for 2002, include your spouse's income when answering questions 3 and 4.

3 Do you expect that your 2002 earned income and AGI will each be less than: \$29,201 (30,201 if married filing jointly) if you expect to have 1 qualifying child; \$33,178 (34,178 if married filing jointly) if you expect to have 2 or more qualifying children?

- No.**  You **cannot** claim the EIC.
- Yes.** *Continue.* But remember, you **cannot** get advance EIC payments if you expect your 2002 earned income or AGI will be \$29,201 (30,201 or more if married filing jointly) or more.


4 Do you expect that your 2002 investment income will be more than \$2,550? For most people, investment income is the total of their taxable interest, ordinary dividends, capital gain distributions, and tax-exempt interest. However, if you plan to file a 2002 Form 1040, see the 2001 Form 1040 instructions to figure your investment income.

- Yes.**  You **cannot** claim the EIC.
- No.** *Continue.*

5 Do you expect that you, or your spouse if filing a joint return, will be a qualifying child of another person for 2002?

- No.** You may be able to claim the EIC.
- Yes.** You **cannot** claim the EIC.

This Form W-5 expires on December 31, 2002. If you are eligible to get advance EIC payments for 2003, you must file a new Form W-5 next year.

 You may be able to get a larger credit when you file your 2002 return. For details, see **Additional Credit** on page 3.

Who Is a Qualifying Child?

Any child who meets **all three** of the following conditions is a **qualifying child**.

(continued on page 3)

1. The child is your:

- Son, daughter, adopted child, stepchild, grandchild, or foster child; or
- Brother, sister, stepbrother, stepsister, or a descendant (such as a child, including an adopted child) of any such individual but only if you cared for that person as your own child.

Note: An **adopted child** is any child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person authorized by state law to place children for legal adoption. A **grandchild** is any descendant of your son, daughter, stepchild or adopted child. A **foster child** is any child you cared for as your own child **and** who is placed with you by an authorized placement agency.

2. The child is under age 19 at the end of 2002, or under age 24 at the end of 2002 and a full-time student, or any age at the end of 2002 and permanently and totally disabled.

3. The child lives with you in the United States for over half of 2002.

Exception to "Time Lived With You" Condition. The child does not have to live with you for over half of 2002 if either of the following applies.

1. The child was born or died during the year and your home was this child's home for the entire time he or she was alive in 2002.

2. The child is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member and the child lived with you for over half of the part of the year before he or she was kidnapped.

Note: Temporary absences such as for school, vacation, medical care, or detention in a juvenile facility count as time lived at home. Members of the military on extended active duty outside the United States are considered to be living in the United States.

Married child. A child who is married at the end of 2002 is a qualifying child only if you may claim him or her as your dependent, **or** the following **Exception** applies to you.

Exception. You are the custodial parent and would be able to claim the child as your dependent, but the noncustodial parent claims the child as a dependent because—

1. You signed **Form 8332**, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child for 2002 **or**

2. You have a pre-1985 divorce decree or separation agreement that allows the noncustodial parent to claim the child and he or she gives at least \$600 for the child's support in 2002.

Qualifying child of more than one person. If the child meets the conditions to be a qualifying child of more than one person, only one person may treat that child as a qualifying child for 2002. If you and the other person(s) cannot agree on who will treat that child as a qualifying child for 2002, special rules apply to determine who may do so. For details, see the 2001 revision of **Pub. 553**, Highlights of 2001 Tax Changes. However, these rules do not apply if the only other person is your spouse and you plan to file a joint return for 2002.

Reminder. A qualifying child must have a social security number unless he or she was born and died in 2002.

What if My Situation Changes?

If your situation changes after you give Form W-5 to your employer, you will probably need to file a new Form W-5. For example, you must file a new Form W-5 if any of the following applies for 2002.

- You no longer expect to have a qualifying child. Check "**No**" on line 1 of your new Form W-5.
- You no longer expect to be able to claim the EIC for 2002. Check "**No**" on line 1 of your new Form W-5.
- You no longer want advance payments. Check "**No**" on line 1 of your new Form W-5.
- Your spouse files Form W-5 with his or her employer. Check "**Yes**" on line 3 of your new Form W-5.

Note: If you get the EIC with your pay and find you are not eligible, you must pay it back when you file your 2002 Federal income tax return.

Additional Information

How To Claim the EIC

If you are eligible, claim the EIC on your 2002 tax return. See your 2002 tax return instruction booklet.

Additional Credit

You may be able to claim a larger credit when you file your 2002 tax return because your employer cannot give you more than \$1,503 throughout the year with your pay. You may also be able to claim a larger credit if you have more than one qualifying child. But you must file your 2002 tax return to claim any additional credit.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3507 and 6109 and their regulations require you to provide the information requested on Form W-5 and to give it to your employer if you want advance payment of the EIC. As provided by law, we may give the information to the Department of Justice and other Federal agencies. In addition, we may give it to cities, states, and the District of Columbia so they may carry out their tax laws. Failure to provide the requested information may prevent processing of this form; providing false information may subject you to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 6 min.; **Learning about the law or the form**, 12 min.; and **Preparing the form**, 25 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send the form to this address. Instead, give it to your employer.



EFFECTIVE January 1, 2002

FEDERAL PERCENTAGE METHOD

FEDERAL: Deduct: Retirement, Health Insurance and any *Deferred Items.
(Amount for each allowance claimed \$250.00)

MONTHLY Payroll Period

SINGLE person (including head of household)- If the amount of wages (after subtracting withholding allowances) is:				The amount of income tax to withhold is:	MARRIED person- If the amount of wages (after subtracting withholding allowances) is:				The amount of income tax to withhold is:
Not over \$221 \$0					Not over \$538 \$0				
Over	-	But not over-		of excess over-	Over	-	But not over-		of excess over-
\$221	-	\$713	10%	-\$221	\$538	-	\$1,538	10%	-\$538
\$713	-	\$2,471	\$49.20 plus 15%	-\$713	\$1,538	-	\$4,296	\$100.00 plus 15%	-\$1,538
\$2,471	-	\$5,402	\$312.90 plus 27%	-\$2,471	\$4,296	-	\$9,142	\$513.70 plus 27%	-\$4,296
\$5,402	-	\$11,913	\$1,104.27 plus 30%	-\$5,402	\$9,142	-	\$14,733	\$1,822.12 plus 30%	-\$9,142
\$11,913	-	\$25,729	\$3,057.57 plus 35%	-\$11,913	\$14,733	-	\$25,992	\$3,499.42 plus 35%	-\$14,733
\$25,729			\$7,893.17 plus 38.6%	-\$25,729	\$25,992			\$7,440.07 plus 38.6%	-\$25,992

STATE PERCENTAGE METHOD

STATE: Deduct: Retirement, Health Insurance and any *Deferred Items.
(Round off the final result of calculations to the nearest whole dollar.)

MONTHLY Payroll Period

SINGLE PERSON				HEAD OF HOUSEHOLD				MARRIED OR QUALIFYING WIDOW(ER)			
If monthly income is less than \$5,000.00, use \$208.33 for each allowance claimed. If \$5,000.00 or more, use \$166.67.				If monthly income is less than \$6,666.67, use \$208.33 for each allowance claimed. If \$6,666.67 or more, use \$166.67.				If monthly income is less than \$4,166.67, use \$208.33 for each allowance claimed. If \$4,166.67 or more, use \$166.67.			
If the wage in excess of allowance amount is:		The income tax to be withheld shall be:		If the wage in excess of allowance amount is:		The income tax to be withheld shall be:		If the wage in excess of allowance amount is:		The income tax to be withheld shall be:	
Over	But not over	Of such wage	From Product	Over	But not over	Of such wage	From Product	Over	But not over	Of such wage	From Product
-0-	\$ 250.00	-0-		-0-	\$ 366.67	-0-		-0-	\$ 229.17	-0-	
\$ 250.00	\$ 1,312.50	6% less	\$ 15.00	\$ 366.67	\$ 1,783.33	6% less	\$ 22.00	\$ 229.17	\$1,114.58	6% less	\$ 13.75
\$ 1,312.50	\$ 5,250.00	7% less	\$ 28.13	\$ 1,783.33	\$ 7,033.33	7% less	\$ 39.83	\$ 1,114.58	\$4,395.83	7% less	\$ 24.90
\$ 5,250.00	\$10,250.00	7.75% less	\$ 67.50	\$ 7,033.33	\$13,700.00	7.75% less	\$ 92.58	\$ 4,395.83	\$8,562.50	7.75% less	\$ 57.86
\$10,250.00		8.25% less	\$118.75	\$13,700.00		8.25% less	\$161.08	\$ 8,562.50		8.25% less	\$100.68

SOCIAL SECURITY

SOCIAL SECURITY: Deduct: Health Insurance, 094, 098, 445, 446, 447, 449 and 450 deduction codes.

OASDI	\$84,900.00	6.2%
HI	No Ceiling	1.45%
MQFE	No Ceiling	1.45%

RETIREMENT

6 % OF THE GROSS AMOUNT

EARNED INCOME CREDIT

EIC: Deduct: Retirement and Health Insurance.

MONTHLY Payroll Period

EIC = 3 SINGLE or HEAD OF HOUSEHOLD			EIC = 2 MARRIED Without Spouse Filing Certificate			EIC = 1 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:	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-		Over-	But not over-	
\$0	\$614	20.40% of wages	\$0	\$614	20.40% of wages	\$0	\$307	20.40% of wages
\$ 614	\$1,126	\$125	\$614	\$1,210	\$125	\$307	\$605	\$63
\$1,126		\$125 less 9.588% of wages in excess of \$1,126	\$1,210		\$125 less 9.588% of wages in excess of \$1,210	\$605		\$63 less 9.588% of wages in excess of \$605

***DEFERRED ITEMS: 001, 002, 003, 004, 094, 098, 200, 225, 249, 400 - 404, 445, 446, 447, 449 and 450.**
****Codes 400 - 404 are Health Insurance Deduction Codes.**