

Worksheet to Estimate Payroll Withholding Deduction
Year 2008: Instructions for using the Withholding Tax Chart

Before using one of the tax charts shown below, it is necessary to annualize the wages subject to withholding.

1. Subtract from the gross earnings (per pay period) any contributions made to tax-deferred payroll deduction(s) such as a retirement, annuity (SRA), health premium, parking or dependent care deferred deductions. This amount will be the gross wages subject to withholding per pay period.
2. Multiply this amount by 24 – the number of pay periods in a year. This figure is the estimated annualized gross income subject to withholding. Some tenured faculty should multiply by 18 – check with Payroll Services if questions.
3. Multiply the number of exemptions claimed on the W-4 by \$3500.00, and subtract the result from the annualized gross income obtained in Step #2 above. This figure is the one to use with the tax chart. The current W-4 status and exemptions are printed on the bottom of the payroll earnings statement.
4. After using the chart to determine the amount of withholding, divide the withholding amount by the same number of pay periods used to multiply with in Step #2. This amount will be the withholding tax deducted each pay period.

EXAMPLE: Employee claiming Married with 2 exemptions paid on 24 period schedule;

Gross Salary per pay period	\$	2,000.00
Retirement contribution per pay period		- 50.00
Tax-deferred annuity per pay period		-100.00
Tax-exempt parking deduction		- 15.00
Tax-exempt basic health premium per pay period		<u>- 50.00</u>
Gross wages subject to withholding per pay period	\$	1,785.00
Times 24 = estimated annualized gross wages	\$	42,840.00
Less 2 exemptions @ \$3,500.00 each		<u>-7,000.00</u>
Wage amount to use with 'Married' tax chart below:	\$	35,840.00
Result: Withholding tax deduction per pay period	\$	141.60

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 \$8,000		\$0
Over—	But not over—	of excess over—	Over—	But not over—	of excess over—
\$2,650	—\$10,300	10% —\$2,650	\$8,000	—\$23,550	10% —\$8,000
\$10,300	—\$33,960	\$765.00 plus 15% —\$10,300	\$23,550	—\$72,150	\$1,555.00 plus 15% —\$23,550
\$33,960	—\$79,725	\$4,314.00 plus 25% —\$33,960	\$72,150	—\$137,850	\$8,845.00 plus 25% —\$72,150
\$79,725	—\$166,500	\$15,755.25 plus 28% —\$79,725	\$137,850	—\$207,700	\$25,270.00 plus 28% —\$137,850
\$166,500	—\$359,650	\$40,052.25 plus 33% —\$166,500	\$207,700	—\$365,100	\$44,828.00 plus 33% —\$207,700
\$359,650		\$103,791.75 plus 35% —\$359,650	\$365,100		\$96,770.00 plus 35% —\$365,100

ANY CHANGES TO GROSS WAGES, NUMBER OF EXEMPTIONS, OR
TAX DEFERRED DEDUCTIONS WILL CHANGE THE AMOUNT OF WITHHOLDING TAX

The 2008 Social Security Wage Maximum is \$102,000

Current Supplemental Withholding Tax Rate: 25%