1. Percentage Method Tables for Automated Payroll Systems

If you have an automated payroll system, use the worksheet below and the Percentage Method tables that follow to figure federal income tax withholding. This method works for Forms W-4 from 2019 or earlier and Forms W-4 from 2020 or later. This method also works for any amount of wages. If the Form W-4 is from 2019 or ealier, this method works for any number of withholding allowances claimed.

Worksheet 1. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems

Keep for Your Records

Table 3	Semiannually	Quarterly	Monthly	Semimonthly	Biweekly	Weekly	Daily
	2	4	12	24	26	52	260

Step 1. Adjust the employee's wage amount

1a Enter the employee's total taxable wages this payroll period .... 1a $ 1,233

1b Enter the number of pay periods you have per year (see Table 3) 1b 52

1c Multiply the amount on line 1a by the number on line 1b .... 1c $ 64,116

If the employee **HAS** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

1d Enter the amount from Step 4(a) of the employee's Form W-4 .... 1d $ 0

1e Add lines 1c and 1d .... 1e $ 64,116

1f Enter the amount from Step 4(b) of the employee's Form W-4 .... 1f $ 0

1g If the box in Step 2 of Form W-4 is checked, enter -0-. If the box is not checked, enter $12,900 if the taxpayer is married filing jointly or $8,600 otherwise .... 1g $ 8,600

1h Add lines 1f and 1g .... 1h $ 8,600

1i Subtract line 1h from line 1e. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** .... 1i $ 55,516

If the employee **HAS NOT** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

1j Enter the number of allowances claimed on the employee's most recent Form W-4 .... 1j _____

1k Multiply line 1j by $4,300 .... 1k $ _____

1l Subtract line 1k from line 1c. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** .... 1l $ _____

Step 2. Figure the Tentative Withholding Amount
based on the employee's Adjusted Annual Wage Amount; filing status (Step 1(c) of the 2020 Form W-4) or marital status (line 3 of Form W-4 from 2019 or earlier); and whether the box in Step 2 of 2020 Form W-4 is checked.
Note. Don't use the Head of Household table if the Form W-4 is from 2019 or earlier.

2a Enter the employee's **Adjusted Annual Wage Amount** from line 1i or 1l above .... 2a $ 55,516

2b Find the row in the appropriate **Annual** Percentage Method table in which the amount on line 2a is at least the amount in column A but less than the amount in column B, then enter here the amount from column A of that row .... 2b $ 43,925

2c Enter the amount from column C of that row .... 2c $ 4,617.50

2d Enter the percentage from column D of that row 2d 22%

2e Subtract line 2b from line 2a .... 2e $ 11,591

2f Multiply the amount on line 2e by the percentage on line 2d .... 2f $ 2,550.02

2g Add lines 2c and 2f .... 2g $ 7,167.52

2h Divide the amount on line 2g by the number of pay periods on line 1b. This is the **Tentative Withholding Amount** .... 2h $ 137.84

Step 3. Account for tax credits

3a If the employee's Form W-4 is from 2020, enter the amount from Step 3 of that form; otherwise enter -0- .... 3a $ 2,000

3b Divide the amount on line 3a by the number of pay periods on line 1b .... 3b $ 38.46

3c Subtract line 3b from line 2h. If zero or less, enter -0- .... 3c $ 99.38

Step 4. Figure the final amount to withhold

4a Enter the additional amount to withhold from the employee's Form W-4 (Step 4(c) of the 2020 form or line 6 on earlier forms) .... 4a $ —

4b Add lines 3c and 4a. **This is the amount to withhold from the employee's wages this pay period** .... 4b $ 99.38