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TO: All State Agencies

FROM: Dhiren V. Shah, Deputy Director
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DATE: February 11, 2015

SUBJECT: 2015 Federal Income Tax Withholding Information

The Percentage Method of Withholding is addressed in this memo which includes extractions from the 2015 Federal Income Tax Withholding Tables (found in the IRS Publication 15, Circular E - Employer's Tax Guide).

Please Note:

- Advance payment of earned income credit (EIC) through payroll payments expired on December 31, 2010. Individuals eligible for EIC in 2014 can still claim the credit when they file their 2014 federal income tax return. Additionally any employee who expects to be eligible for the EIC and will have income tax withheld from wages in 2015 may reduce their withholding in order to receive the benefit of a portion of the credit throughout the year.

- The annual personal exemption amount for 2015 will be $4,000.00.

- Tax calculations and estimates of net pay can be readily determined by using the Central Payroll Bureau *Net Pay Calculator* located on the home page of our web site -

  http://Comptroller.Marylandtaxes.com/Government_Services/State_Payroll_Services/

- Other important links located on our home page are:

  2015 Federal Withholding Tables
  2015 Maryland Withholding Tables

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2015 Federal Income Tax Withholding Information - PERCENTAGE METHOD

ALLOWANCE TABLE

Dollar Amount of Withholding Allowances

Number of Withholding **Allowances**	Biweekly Pay Period	Monthly Pay Period
0	$ 0	$ 0
1	153.80	333.30
2	307.60	666.60
3	461.40	999.90
4	615.20	1,333.20
5	769.00	1,666.50
6	922.80	1,999.80
7	1,076.60	2,333.10
8	1,230.40	2,666.40
9	1,384.20	2,999.70
10	1,538.00	3,333.00

Over 10 – Multiply amount of one withholding allowance ($153.80 for bi-weekly or $333.30 for monthly) by the number of Allowances claimed.

The annual personal exemption amount of $4,000 equals the Bi-Weekly amount of $153.80 (1 exemption) multiplied by 26, rounding to nearest whole dollar, **or** the Monthly amount of $333.30 (1 exemption) multiplied by 12, rounding to nearest whole dollar.

NOTE: Use of these tables to compute estimated tax withholdings will result in amounts that differ slightly (by a few cents) from the precise amounts computed by the Statewide Payroll System

2015 Federal Income Tax Withholding Information
Tax tables for Percentage Method of Withholding

BIWEEKLY Payroll Period

Single Person – Including Head of Household

Taxable Income* **Amount of Income Tax Withheld is:**

Not over $88 0

Over-	But not over-			of excess over-
$88	-$443	$0.00	plus 10%	-$88
$443	-$1,529	$35.50	plus 15%	-$443
$1,529	-$3,579	$198.40	plus 25%	-$1,529
$3,579	-$7,369	$710.90	plus 28%	-$3,579
$7,369	-$15,915.	$1,772.10	plus 33%	-$7,369
$15,915	-$15,981.	$4,592.28	plus 35%	-$15,915
$15,981.		$4,615.38	plus 39.6%	-$15,981

Married Person

Taxable Income* **Amount of Income Tax Withheld is:**

Not over $331 0

Over-	But not over			of excess over-
$331	-$1,040	$0.00	plus 10%	-$331
$1,040	-$3,212	$70.90	plus 15%	-$1,040
$3,212	-$6,146	$396.70	plus 25%	-$3,212
$6,146	-$9,194.	$1,130.20	plus 28%	-$6,146
$9,194	-$16,158	$1,983.64	plus 33%	-$9,194
$16,158	-$18,210	$4,281.76	plus 35%	-$16,158
$18,210.		$4,999.96	plus 39.6%	-$18,210

*** - Bi-weekly gross pay less tax sheltered and/or pre-tax deductions and the dollar amount of Biweekly withholding allowances.**

NOTE:

- *Inflation adjustments have increased the above Tax Bracket thresholds for each filing status*
- *Use of these tables to compute estimated tax withholdings will result in amounts that differ slightly (by a few cents) from the precise amounts computed by the Statewide Payroll System.*

2015 Federal Income Tax Withholding Information
Tax tables for Percentage Method of Withholding

MONTHLY Payroll Period

Single Person – Including Head of Household

Taxable Income* **Amount of Income tax Withheld is:**

Not over $192 0

Over-	**But not over-**			**of excess over-**
$192	-$960	$0.00	plus10%	-$192
$960	-$3,313	$76.80	plus 15%	-$960
$3,313	-$7,754	$429.75	plus 25%	-$3,313
$7,754	-$15,967.	$1,540.00	plus 28%	-$7,754
$15,967	-$34,483	$3,839.64	plus 33%	-$15,967
$34,483	-$34,625.	$9,949.92	plus 35%	-$34,483
$34,625		$9,999.62	plus 39.6%	-$34,625

Married Person

Taxable Income* **Amount of Income Tax Withheld is:**

Not over $717 0

Over-	But not over-			of excess over-
$717	-$2,254	$0.00	plus 10%	-$717
$2,254	-$6,958	$153.70	plus 15%	-$2,254
$6,958	-$13,317	$859.30	plus 25%	-$6,958
$13,317	-$19,921	$2,449.05	plus 28%	-$13,317
$19,921	-$35,008	$4,298.17	plus 33%	-$19,921
$35,008	-$39,454.	$9,276.88	plus 35%	-$35,008
$39,454		$10,832.98	plus 39.6%	-$39,454

*** - Monthly gross pay less tax sheltered and/or pre-tax deductions and the dollar amount of Monthly withholding allowances.**

NOTE:

- *Inflation adjustments have increased the above Tax Bracket thresholds for each filing status*
- *Use of these tables to compute estimated tax withholdings will result in amounts that differ slightly (by a few cents) from the precise amounts computed by the Statewide Payroll System.*

2015 Federal Income Tax Withholding Information

Examples of Withholding Calculations using the Percentage Method

1. A married employee is paid $1,356.09 bi-weekly. This employee has in effect a Form W-4 claiming (0) withholding allowances. The employee also has a deferred comp deduction.

Using the percentage method, the income tax to withhold is computed as follows:

Total wage payment	$1,356.09
(0) allowances claimed on W4	$ 0.00
Deferred Comp deduction	$ 60.00
Amount subject to withholding	$1,296.09
(Subtract lines 2 & 3 from line 1)	

BIWEEKLY Payroll Period, for married Person.

$1,296.09 falls within the range of $1,040 - $3,212, the following calculation:

$70.90 plus 15% of the amount over $1,040
$1,296.09 - $1,040 = $256.09
$256.09 X 0.15 = $38.41
Add $70.90 + $38.41 = $109.31 Total Federal Tax to be withheld

2. An unmarried employee is paid $4,000.00 monthly. This employee has in effect a Form W-4 claiming (2) withholding allowances.

Using the percentage method, the income tax to withhold is computed as follows:

Total wage payment	$4,000.00
(2) allowances claimed on W4 (From the Allowance table)	$ 666.60
Deferred Comp deduction	$ 0.00
Amount subject to withholding	$3,333.40
(Subtract lines 2 & 3 from line 1)	

MONTHLY Payroll Period, for unmarried Person.

$3,333.40 falls within the range of $3,313 - $7,754, use the following calculation:

$429.75 plus 25% of the amount over $3,313
$3,333.40 - $3,313 = $20.40
$20.40 X 0.25 = $5.10
Add $429.75 + $5.10 = $434.85 Total Federal Tax to be withheld