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TO: All State Agencies

FROM: Robert J. Murphy, Director
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DATE: January 31, 2017

SUBJECT: 2017 FEDERAL INCOME TAX WITHHOLDING INFORMATION

The Percentage Method of Withholding is addressed in this memo which includes extractions from the 2017 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 2016 can still claim the credit when they file their 2016 federal income tax return. Additionally any employee who expects to be eligible for the EIC and will have income tax withheld from wages in 2017 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 2017 will be \$4,050.00.
- Individual tax calculations and estimates can be readily determined by using the Central Payroll Bureau, Net Pay Calculator located with the following link:

http://comptroller.marylandtaxes.com/Government_Services/State_Payroll_Services
Click on left tab labeled "Payroll Online Services"

- Other important links located on our home page are:

2017 Earned Income Credit (EIC)
2017 Maryland State and Local Income Tax Withholding Information

2017 Federal Income Tax Withholding Information - PERCENTAGE METHOD

ALLOWANCE TABLE

Dollar Amount of Withholding Allowances

Number of Withholding	Biweekly Pay Period	Monthly Pay Period
Allowances		
0	\$ 0	\$ 0
1	155.80	337.50
2	311.60	675.00
3	467.40	1,012.50
4	623.20	1,350.00
5	779.00	1,687.50
6	934.80	2,025.00
7	1,090.60	2,362.50
8	1,246.40	2,700.00
9	1,402.20	3,037.50
10	1,558.00	3,375.00

Over 10 – Multiply amount of one withholding allowance (\$155.80 for biweekly or \$337.50 for monthly) by the number of Allowances claimed.

The annual personal exemption amount of \$4,050 equals the Biweekly amount of \$155.80 (1 exemption) multiplied by 26, rounding to nearest whole dollar, **or** the Monthly amount of \$337.50 (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

**2017 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	\$447	\$0.00 plus 10%	\$88
\$447	\$1,548	\$35.90 plus 15%	\$447
\$1,548	\$3,623	\$201.05 plus 25%	\$1,548
\$3,623	\$7,460	\$719.80 plus 28%	\$3,623
\$7,460	\$16,115	\$1,794.16 plus 33%	\$7,460
\$16,115	\$16,181	\$4,650.31 plus 35%	\$16,115
\$16,181	.....	\$4,673.41 plus 39.6%	\$16,181

Married Person

Taxable Income*		Amount of Income Tax Withheld is:	
Not over \$333		0	
Over-	But not over		of excess over-
\$333	\$1,050	\$0.00 plus 10%	\$333
\$1,050	\$3,252	\$71.70 plus 15%	\$1,050
\$3,252	\$6,221	\$402.00 plus 25%	\$3,252
\$6,221	\$9,308	\$1,144.25 plus 28%	\$6,221
\$9,308	\$16,360	\$2,008.61 plus 33%	\$9,308
\$16,360	\$18,437	\$4,335.77 plus 35%	\$16,360
\$18,437	.....	\$5,062.72 plus 39.6%	\$18,437

* - Biweekly 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.*

**2017 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	\$969	..... \$0.00	plus 10%	\$192
\$969	\$3,354	..... \$77.70	plus 15%	\$969
\$3,354	\$7,850	..... \$435.45	plus 25%	\$3,354
\$7,850	\$16,163	..... \$1,559.45	plus 28%	\$7,850
\$16,163	\$34,917	..... \$3,887.09	plus 33%	\$16,163
\$34,917	\$35,058	..... \$10,075.91	plus 35%	\$34,917
\$35,058		..... \$10,125.26	plus 39.6%	\$35,058

Married Person

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

Not over \$721 0

Over-	But not over-			of excess over-
\$721	\$2,275	..... \$0.00	plus 10%	\$721
\$2,275	\$7,046	..... \$155.40	plus 15%	\$2,275
\$7,046	\$13,479	..... \$871.05	plus 25%	\$7,046
\$13,479	\$20,167	..... \$2,479.30	plus 28%	\$13,479
\$20,167	\$35,446	..... \$4,351.94	plus 33%	\$20,167
\$35,446	\$39,946	..... \$9,394.01	plus 35%	\$35,446
\$39,946		..... \$10,969.01	plus 39.6%	\$39,946

*** - 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.*

2017 Federal Income Tax Withholding Information

Examples of Withholding Calculations using the Percentage Method

1. A married employee is paid \$1,356.09 biweekly. 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 \$1,050 - \$3,252, the following calculation:

\$71.70 plus 15% of the amount over \$1,050	
\$1,296.09 - \$1,050 = \$246.09	
\$246.09 x 0.15 = \$36.91	
Add \$71.70 + \$36.91 = \$108.61	Total Federal Tax to be withheld

2. An unmarried employee is paid \$4,500.00 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	\$4,500.00
(2) allowances claimed on W4	\$ 675.00
(From the Allowance table)	
Deferred Comp deduction	\$ 0.00
Amount subject to withholding	\$3,825.00
(Subtract lines 2 & 3 from line 1)	

MONTHLY Payroll Period, for unmarried Person.

\$3,825.00 falls within the range of \$3,354 - \$7,850, use the following calculation:

\$435.45 plus 25% of the amount over \$3,354	
\$3,825.00 - \$3,354 = \$471.00	
\$471.00 x 0.25 = \$117.75	
Add \$435.45 + \$117.75 = \$553.20	Total Federal Tax to be withheld