



# HUMAN RESOURCES

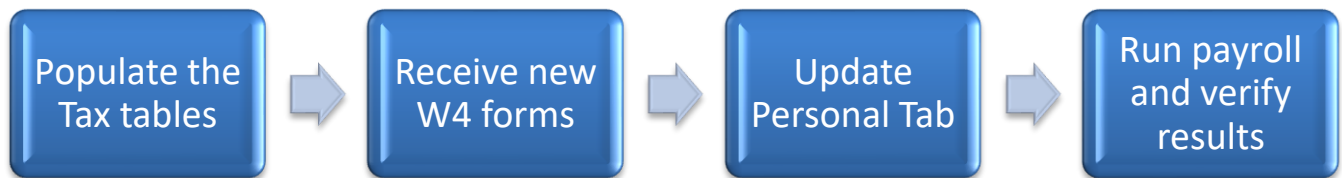
## HR-605 PERCENTAGE METHOD TABLES

This document explains how to set up Tax Tables each year based on IRS specifications in Publication 15-T. Create a distinct federal **Tax Table** for tax year 2020 and beyond. This document uses the tax tables “FED” and “FED2020”. The **Employee Maintenance** screen has fields on the [2 Personal] tab used in conjunction with the tax tables. Depending on how the W4 is filled out by the employee, the [2 Personal] tab has several options.



Refer to **Publication 15-T** for any clarification. This is the official IRS document governing how to use the W4 and the percentage method for figuring tax.

<https://www.irs.gov/pub/irs-pdf/p15t.pdf>



### 1. Update Tax Rate Tables

Wages From	Wages To	Amount	Percentage	On Wages Over
0,01	12200,00			
12200,01	32100,00		10,00	12200,00
32100,01	93250,00	1990,00	12,00	32100,00
93250,01	184950,00	9328,00	22,00	93250,00
184950,01	342050,00	29502,00	24,00	184950,00
342050,01	431050,00	67206,00	32,00	342050,00
431050,01	640500,00	95686,00	35,00	431050,00
640500,01	9999999,00	168993,50	37,00	640500,00

Figure 1 Check and update FED and FED2020 Tax Rate Tables for H, M, and S

Go to **Human Resources** ▶ **Tables** ▶ **Tax Rate Table**. Enter the data from Publication 15-T for all tables. Find both [2021 Calendar Year tax tables](#) here in Publication 15-T:

<https://www.irs.gov/pub/irs-pdf/p15t.pdf>

### 2. Tax Information Section on Employee Maintenance Screen

The [2 Personal] tab **Tax Information** block was updated to reflect the 2021 W4.



Figure 2 BEFORE: the [2 Personal] tab Tax Information section on the Employee Maintenance screen

Go to **Human Resources** ▶ **Employee Maintenance** ▶ **[2 Personal]** to update the Tax Information for each employee who submits a **W4**.

Figure 3 AFTER - The new Tax Information section on the [2 Personal] Tab radio buttons changed



If the employee does not provide a new W4 for 2020 and beyond, there is nothing to update in the Tax Information for the employee. The  <=2019 radio button will be set and none of the Step 3 through 4c fields will be editable.

1. For each employee providing a new W4, fill in the **Tax Information** section of the **[2 Personal]** tab of the **Employee Maintenance** screen. Fill in the fields as shown in **Figure 7** based on the **W4** provided by the employee.
2. **Check for any additional federal withholding on the [3 Ded/Ben] tab for ongoing employees that provide a new W4 with extra withholding.** Set the stop date for additional withholding on the **[3 Ded/Ben]** tab of the employee maintenance screen and confirm that the extra withholding shows only on the **[2 Personal]** tab.
3. The AUC screen **Employee Maintenance** ▶ **[Personal]** screen has error checking to ensure that the codes are used properly, as shown in the table below:

Radio Button Setting	Based on the W4 Form year & W4 Box 2(c)	Tax Type Selected / Box 2c Radio button		
		Form W4	Form W4	Form W4
		After or Equal to 2020 Box 2c checked	After or Equal to 2020 Box 2c not checked	Before or Equal to 2019
Tax Table		FED2020	FED	FED
Exemptions Box		No	No	Yes
Dependents amount (W4 Box 3)		Yes	Yes	No
Other Income (W4 Box 4(a))		Yes	Yes	No
Deductions (W4 Box 4(b))		Yes	Yes	No
Extra Withholding (W4 Box 4 (c))		Yes	Yes	No

4. The system will issue popup messages when changing the values on the screen:



**Setting the ">=2020" radio button will set the Tax Type to FED2020 and make the W4 boxes editable**

Federal Tax Type set to FED2020

Figure 4  >=2020 box 2c checked prevents exemptions, uses FED2020 tax table, and allows entry in Step 3, 4a, 4b, & 4c

**Setting the "2020 box 2c not checked" radio button will set the Federal Tax Type to "FED" and allow data entry in Step 3, 4a, 4b, and 4c**

Federal Tax Type set to FED

Figure 5  >=2020 box 2c not checked prevents exemptions, uses FED tax table, and allows entry in Step 3, 4a, 4b, & 4c

Note: Employees that furnish a new W4 and do not check box 2c will be governed by the FED tax table.

**Setting the "<=2019" radio button will clear the data from the W4 boxes**

W4 Boxes Cleared

Figure 6  <=2019 box 2c checked uses FED tax table, allows exemptions, prevents entry in Step 3, 4a, 4b, & 4c



**Step 2: Multiple Jobs or Spouse Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do **only one** of the following.

(a) Use the estimator at [www.irs.gov/W4App](http://www.irs.gov/W4App) for most accurate withholding for this step (and Steps 3-4); or

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld . . . . .

**TIP:** To be accurate, submit a 2021 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

**Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs.** Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

**Step 3: Claim Dependents**

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$ 4000

Multiply the number of other dependents by \$500 . . . . . ▶ \$ 0

**Step 4 (optional) Other Adjustm**

Tax Type	Tax Table Exemptions	FORM W4
Federal FED2020	M	<input checked="" type="radio"/> >= 2020 box 2c checked
State MA	M 2	<input type="radio"/> >= 2020 box 2c not checked
Other State		<input type="radio"/> <= 2019
		Step 3 4,000.00
		Step 4a 5,000.00
		Step 4b
		Step 4c 25.00

3 \$ 4000

4(a) \$ 5000

4(b) \$

4(c) \$ 25.00

Figure 7 Correlating the W4 form with the AUC Tax Information on the Employee Maintenance screen

### 3. Table Setup Examples

For employees who furnished forms before 2020 and who do not furnish a new one after 2019, continue to withhold based on the forms previously furnished.

Wages From	Wages To	Amount	Percentage	On Wages Over
0.01	12200.00			
12200.01	32100.00	10.00	12200.00	
32100.01	93250.00	12.00	32100.00	
93250.01	184950.00	22.00	93250.00	
184950.01	342050.00	24.00	184950.00	
342050.01	431050.00	32.00	342050.00	
431050.01	640500.00	35.00	431050.00	
640500.01	9999999.00	37.00	640500.00	

Figure 8- the "FED" table has a field for 2020 W4 Annual Exemption amounts entered for the FED S, H, and M Tax Tables

Wages From	Wages To	Amount	Percentage	On Wages Over
0.01	12550.00			
12550.01	22500.00	10.00	12550.00	
22500.01	53075.00	12.00	22500.00	
53075.01	98925.00	22.00	53075.00	
98925.01	177475.00	24.00	98925.00	
177475.01	221975.00	32.00	177475.00	
221975.01	326700.00	35.00	221975.00	
326700.01	9999999.00	37.00	326700.00	

No "Annual Per Exemption Amounts" should be entered on the FED2020 Tax Rate table.

Figure 9 Sample for the FED2020 Tax Rate Table



## 4. W4 FOR 2021

Below is excerpted from [Publication 15-T](#) for 2021:

Step 2. If the employee checks the box in Step 2, the employer figures withholding from the "Form W-4, Step 2, Checkbox" column in the Percentage Method or Wage Bracket Method tables. This results in higher withholding for the employee. If the employee chooses one of the other two alternatives from this step, the higher withholding is included with any other additional tax amounts **per pay period in Step 4(c).**

Step 3. Employers use the amount on this line as an annual reduction in the amount of withholding. Employers should use the amount that the employee entered as the total in Step 3 of Form W-4 even if it is not equal to the sum of any amounts entered on the left in Step 3 because the total may take into account other tax credits. If the Step 3 total is blank, but there are amounts entered on one or two of the left lines in Step 3, the employer may ask the employee if leaving the line blank was intentional.

Steps 4(a) and 4(b). Employers increase the annual amount of wages subject to income tax withholding by the annual amount shown on Step 4(a) and reduce the annual amount of wages subject to income tax withholding by the annual amount shown on Step 4(b).

Step 4(c). Employers will increase withholding by the **per pay period tax amount on Step 4(c).**

## 5. APPENDIX A Percentage Method Tables for Automated Payroll Systems

2021 Percentage Method Tables for Automated Payroll Systems									
STANDARD Withholding Rate Schedules (Use these if the Form W-4 is from 2019 or earlier, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is NOT checked)					Form W-4, Step 2, Checkbox, Withholding Rate Schedules (Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 IS checked)				
If the Adjusted Annual Wage Amount (line 2a) is:					If the Adjusted Annual Wage Amount (line 2a) is:				
At least—	But less than—	The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Annual Wage exceeds—	At least—	But less than—	The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Annual Wage exceeds—
FED	B	C	D	E	A	B	C	D	FED2020
<b>Married Filing Jointly</b>					<b>Married Filing Jointly</b>				
\$0	\$12,200	\$0.00	0%	\$0	\$0	\$12,550	\$0.00	0%	\$0
\$12,200	\$32,100	\$0.00	10%	\$12,200	\$12,550	\$22,500	\$0.00	10%	\$12,550
\$32,100	\$93,250	\$1,990.00	12%	\$32,100	\$22,500	\$53,075	\$995.00	12%	\$22,500
\$93,250	\$184,950	\$9,328.00	22%	\$93,250	\$53,075	\$98,925	\$4,664.00	22%	\$53,075
\$184,950	\$342,050	\$29,502.00	24%	\$184,950	\$98,925	\$177,475	\$14,751.00	24%	\$98,925
\$342,050	\$431,050	\$67,206.00	32%	\$342,050	\$177,475	\$221,975	\$33,603.00	32%	\$177,475
\$431,050	\$640,500	\$95,686.00	35%	\$431,050	\$221,975	\$326,700	\$47,843.00	35%	\$221,975
\$640,500		\$168,993.50	37%	\$640,500	\$326,700		\$84,496.75	37%	\$326,700
<b>Single or Married Filing Separately</b>					<b>Single or Married Filing Separately</b>				
\$0	\$3,950	\$0.00	0%	\$0	\$0	\$6,275	\$0.00	0%	\$0
\$3,950	\$13,900	\$0.00	10%	\$3,950	\$6,275	\$11,250	\$0.00	10%	\$6,275
\$13,900	\$44,475	\$995.00	12%	\$13,900	\$11,250	\$26,538	\$497.50	12%	\$11,250
\$44,475	\$90,325	\$4,664.00	22%	\$44,475	\$26,538	\$49,463	\$2,332.00	22%	\$26,538
\$90,325	\$168,875	\$14,751.00	24%	\$90,325	\$49,463	\$88,738	\$7,375.50	24%	\$49,463
\$168,875	\$213,375	\$33,603.00	32%	\$168,875	\$88,738	\$110,988	\$16,801.50	32%	\$88,738
\$213,375	\$527,550	\$47,843.00	35%	\$213,375	\$110,988	\$268,075	\$23,921.50	35%	\$110,988
\$527,550		\$157,804.25	37%	\$527,550	\$268,075		\$78,902.13	37%	\$268,075
<b>Head of Household</b>					<b>Head of Household</b>				
\$0	\$10,200	\$0.00	0%	\$0	\$0	\$9,400	\$0.00	0%	\$0
\$10,200	\$24,400	\$0.00	10%	\$10,200	\$9,400	\$16,500	\$0.00	10%	\$9,400
\$24,400	\$64,400	\$1,420.00	12%	\$24,400	\$16,500	\$36,500	\$710.00	12%	\$16,500
\$64,400	\$96,550	\$6,220.00	22%	\$64,400	\$36,500	\$52,575	\$3,110.00	22%	\$36,500
\$96,550	\$175,100	\$13,293.00	24%	\$96,550	\$52,575	\$91,850	\$6,646.50	24%	\$52,575
\$175,100	\$219,600	\$32,145.00	32%	\$175,100	\$91,850	\$114,100	\$16,072.50	32%	\$91,850
\$219,600	\$533,800	\$46,385.00	35%	\$219,600	\$114,100	\$271,200	\$23,192.50	35%	\$114,100
\$533,800		\$156,355.00	37%	\$533,800	\$271,200		\$78,177.50	37%	\$271,200



## 6. APPENDIX B PERCENTAGE METHOD WORKSHEET

### 1. Percentage Method Tables for Automated Payroll Systems

to figure federal income tax withholding. This method works for Forms W-4 for all prior, current, and future years. This method also works for any amount of wages. If the Form W-4 is from 2019 or earlier, this method works for any number of withholding allowances claimed.

If you have an automated payroll system, use the worksheet below and the Percentage Method tables that follow

#### 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 payment amount

- 1a Enter the employee's total taxable wages this payroll period ..... 1a \$ \_\_\_\_\_
- 1b Enter the number of pay periods you have per year (see Table 3) ..... 1b \_\_\_\_\_
- 1c Multiply the amount on line 1a by the number on line 1b ..... 1c \$ \_\_\_\_\_

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 \$ \_\_\_\_\_
- 1e Add lines 1c and 1d ..... 1e \$ \_\_\_\_\_
- 1f Enter the amount from Step 4(b) of the employee's Form W-4 ..... 1f \$ \_\_\_\_\_
- 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 \$ \_\_\_\_\_
- 1h Add lines 1f and 1g ..... 1h \$ \_\_\_\_\_
- 1i Subtract line 1h from line 1e. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** ..... 1i \$ \_\_\_\_\_

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 or later 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 or later 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 \$ \_\_\_\_\_
- 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 \$ \_\_\_\_\_
- 2c Enter the amount from column C of that row ..... 2c \$ \_\_\_\_\_
- 2d Enter the percentage from column D of that row ..... 2d \_\_\_\_\_ %
- 2e Subtract line 2b from line 2a ..... 2e \$ \_\_\_\_\_
- 2f Multiply the amount on line 2e by the percentage on line 2d ..... 2f \$ \_\_\_\_\_
- 2g Add lines 2c and 2f ..... 2g \$ \_\_\_\_\_
- 2h Divide the amount on line 2g by the number of pay periods on line 1b. This is the **Tentative Withholding Amount** ..... 2h \$ \_\_\_\_\_

#### Step 3. Account for tax credits

- 3a If the employee's Form W-4 is from 2020 or later, enter the amount from Step 3 of that form; otherwise enter -0- ..... 3a \$ \_\_\_\_\_
- 3b Divide the amount on line 3a by the number of pay periods on line 1b ..... 3b \$ \_\_\_\_\_
- 3c Subtract line 3b from line 2h. If zero or less, enter -0- ..... 3c \$ \_\_\_\_\_

#### 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 or later 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 \$ \_\_\_\_\_