

## 4. Percentage Method Tables for Manual Payroll Systems With Forms W-4 From 2020 or Later

the Percentage Method or you can't use the Wage Bracket Method tables because the employee's annual wages exceed the amount from the last bracket of the table (based on marital status and pay period), use the worksheet below and the Percentage Method tables that follow to figure federal income tax withholding. This method works for any amount of wages.

If you compute payroll manually, your employee has submitted a Form W-4 for 2020 or later, and you prefer to use

### Worksheet 4. Employer's Withholding Worksheet for Percentage Method Tables for Manual Payroll Systems With Forms W-4 From 2020 or Later

Keep for Your Records



Table 6	Monthly	Semimonthly	Biweekly	Weekly	Daily
	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	\$
1b	Enter the number of pay periods you have per year (see Table 6)	1b	
1c	Enter the amount from Step 4(a) of the employee's Form W-4	1c	\$
1d	Divide line 1c by the number on line 1b	1d	\$
1e	Add lines 1a and 1d	1e	\$
1f	Enter the amount from Step 4(b) of the employee's Form W-4	1f	\$
1g	Divide line 1f by the number on line 1b	1g	\$
1h	Subtract line 1g from line 1e. If zero or less, enter -0-. This is the <b>Adjusted Wage Amount</b>	1h	\$

#### Step 2. Figure the Tentative Withholding Amount

based on your pay frequency, the employee's Adjusted Wage Amount, filing status (Step 1(c) of Form W-4), and whether the box in Step 2 of Form W-4 is checked.

2a	Find the row in the STANDARD Withholding Rate Schedules (if the box in Step 2 of Form W-4 is NOT checked) or the Form W-4, Step 2, Checkbox, Withholding Rate Schedules (if it HAS been checked) of the Percentage Method tables in this section in which the amount on line 1h is at least the amount in column A but less than the amount in column B, and then enter here the amount from column A of that row	2a	\$
2b	Enter the amount from column C of that row	2b	\$
2c	Enter the percentage from column D of that row	2c	%
2d	Subtract line 2a from line 1h	2d	\$
2e	Multiply the amount on line 2d by the percentage on line 2c	2e	\$
2f	Add lines 2b and 2e. This is the <b>Tentative Withholding Amount</b>	2f	\$

#### Step 3. Account for tax credits

3a	Enter the amount from Step 3 of the employee's Form W-4	3a	\$
3b	Divide the amount on line 3a by the number of pay periods on line 1b	3b	\$
3c	Subtract line 3b from line 2f. If zero or less, enter -0-	3c	\$

#### Step 4. Figure the final amount to withhold

4a	Enter the additional amount to withhold from Step 4(c) of the employee's Form W-4	4a	\$
4b	Add lines 3c and 4a. <b>This is the amount to withhold from the employee's wages this pay period</b>	4b	\$