



December 28, 2004

Payroll Letter 871
Supersedes Payroll Letter 839

To: HR Administrators, Payroll Officers, Personnel Officers, Fiscal Officers,
Labor Relations Officers, and EEO Officers of All Departments,
Institutions, Boards and Commissions

From: Dan R. Parks, State Payroll Administrator

Subject: Federal Withholding Taxes for Wages Paid in 2005

Federal withholding tax tables have changed and the personal exemption amounts have increased. The following withholding tables are effective for any wages paid in 2005. Additionally, the flat rate for wage withholding for supplemental wage (lump sum) payments remains 25%.

Federal withholding taxes are computed on the employees' gross pay, less:

- The number of exemptions claimed times the exemption amount
 - Bi-weekly payroll, deduct \$123.08 per exemption claimed
 - Monthly payroll, deduct \$266.67 per exemption claimed
- Employee's share of retirement
- Employee's share of hospitalization
- Deferred compensation amount
- Dependent Care Spending Account (DCB/DCM deductions)
- Health Care Spending Account (HSA/HSF deductions)
- Pre-tax commuter (QTP deductions) and parking benefits
- Gross inflating items which may not be subject to federal tax including:
 - \$3.00 a day commute policy
 - Moving expenses
 - Group Term Life Insurance exceeding \$50,000

Biweekly Payroll - Single Person

<u>Earnings</u>		<u>Amount of Withholding</u>		
<u>Over</u>	<u>But Not Over</u>			
\$ 0	\$ 102		None	
\$ 102	\$ 377		10%	of excess over \$ 102
\$ 377	\$ 1,212	\$ 27.50	plus 15%	of excess over \$ 377
\$ 1,212	\$ 2,683	\$ 152.75	plus 25%	of excess over \$ 1,212
\$ 2,683	\$ 5,844	\$ 520.50	plus 28%	of excess over \$ 2,683
\$ 5,844	\$ 12,625	\$ 1,405.58	plus 33%	of excess over \$ 5,844
\$12,625		\$ 3,643.31	plus 35%	of excess over \$ 12,625

Biweekly Payroll - Married Person

<u>Earnings</u>		<u>Amount of Withholding</u>		
<u>Over</u>	<u>But Not Over</u>			
\$ 0	\$ 308	None		
\$ 308	\$ 869	10%	of excess over	\$ 308
\$ 869	\$ 2,546	\$ 56.10 plus 15%	of excess over	\$ 869
\$ 2,546	\$ 4,644	\$ 307.65 plus 25%	of excess over	\$ 2,546
\$ 4,644	\$ 7,292	\$ 832.15 plus 28%	of excess over	\$ 4,644
\$ 7,292	\$ 12,817	\$ 1,573.59 plus 33%	of excess over	\$ 7,292
\$12,817		\$ 3,396.84 plus 35%	of excess over	\$ 12,817

Monthly Payroll - Single Person

<u>Earnings</u>		<u>Amount of Withholding</u>		
<u>Over</u>	<u>But Not Over</u>			
\$ 0	\$ 221	None		
\$ 221	\$ 817	10%	of excess over	\$ 221
\$ 817	\$ 2,625	\$ 59.60 plus 15%	of excess over	\$ 817
\$ 2,625	\$ 5,813	\$ 330.80 plus 25%	of excess over	\$ 2,625
\$ 5,813	\$ 12,663	\$ 1,127.80 plus 28%	of excess over	\$ 5,813
\$12,663	\$ 27,354	\$ 3,045.80 plus 33%	of excess over	\$ 12,633
\$27,354		\$ 7,893.83 plus 35%	of excess over	\$ 27,354

Monthly Payroll - Married Person

<u>Earnings</u>		<u>Amount of Withholding</u>		
<u>Over</u>	<u>But Not Over</u>			
\$ 0	\$ 667	None		
\$ 667	\$ 1,883	10%	of excess over	\$ 667
\$ 1,883	\$ 5,517	\$ 121.60 plus 15%	of excess over	\$ 1,883
\$ 5,517	\$ 10,063	\$ 666.70 plus 25%	of excess over	\$ 5,517
\$10,063	\$ 15,800	\$ 1,803.20 plus 28%	of excess over	\$ 10,063
\$15,800	\$ 27,771	\$ 3,409.56 plus 33%	of excess over	\$ 15,800
\$27,771		\$ 7,359.99 plus 35%	of excess over	\$ 27,771

The results of the computation based on these tables will be rounded to the nearest dollar. Amounts less than fifty cents will be reduced to zero while fifty cents and over will be rounded to the next higher dollar.

If you have any questions, please contact Payroll Support at (614) 466-2944.

DRP/drp