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IRS Releases 2011 Withholding Tables

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Early Release Copies of the 2011 Percentage Method Tables for Income Tax Withholding

What's New

2011 withholding tables. This notice includes the 2011 Percentage Method Tables for Income Tax Withholding that were developed as a result of the recently passed Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Employers should implement the 2011 withholding tables as soon as possible, but not later than January 31, 2011.

Use the 2010 withholding tables until you implement the 2011 withholding tables.

Social security and Medicare tax for 2011. For 2011, the employee tax rate for social security is 4.2%.

The employer tax rate for social security remains unchanged at 6.2%. The 2011 social security wage base limit is \$106,800. In 2011, the Medicare tax rate is 1.45% each for employers and employees, unchanged from 2010. There is no wage base limit for Medicare tax.

Employers should implement the 4.2% employee social security tax rate as soon as possible, but not later than January 31, 2011. After implementing the new 4.2% rate, employers should make an offsetting adjustment in a subsequent pay period to correct any overwithholding of social security tax as soon as possible, but not later than March 31, 2011.

Making Work Pay credit. The Making Work Pay credit expires on December 31, 2010. As a result:

- The income tax withholding tables for 2011 are not adjusted for the Making Work Pay credit.
- There is no longer an optional additional withholding adjustment for pensions.
- The procedure for withholding on wages of nonresident aliens has been modified and is included in this notice.

Advance payment of earned income credit (EIC).

The option of receiving advance payroll payments of EIC expires on December 31, 2010. Individuals who received advance payments of EIC in 2010 must file a 2010 federal income tax return. Individuals eligible for EIC in 2011 can still claim the credit when they file their 2011 federal income tax return. In addition, if any of your employees expect to be eligible for the EIC and will have income tax withheld from wages in 2011, they may reduce their withholding in order to receive the benefit of a portion of the credit throughout the year.

Percentage Method Tables for Income Tax Withholding

Attached are early release copies of the Percentage Method Tables for Income Tax Withholding that will appear in Publication 15 (Circular E), Employer's Tax Guide (for use in 2011). Publication 15 (Circular E) will be posted on IRS.gov in December 2010. It also will be mailed to certain small employers and be available at IRS offices in January 2011.

The wage amounts shown in the Percentage Method Tables for Income Tax Withholding are net wages after the deduction for total withholding allowances. The withholding allowance amounts by payroll period have changed. For 2011, they are:

<u>Payroll Period</u>	<u>One Withholding Allowance</u>
Weekly	\$ 71.15
Biweekly	142.31
Semimonthly	154.17
Monthly	308.33
Quarterly	925.00
Semiannually	1,850.00
Annually	3,700.00
Daily or Miscellaneous (each day of the payroll period)	14.23

When employers use the Percentage Method Tables for Income Tax Withholding, the tax for the pay period may be rounded to the nearest dollar. (If rounding is used, it must be used consistently.) Withheld tax amounts should be rounded to the nearest dollar by dropping amounts under 50 cents and increasing amounts from 50 to 99 cents to the next higher dollar. For example, \$2.30 becomes \$2 and \$2.80 becomes \$3.

Withholding Adjustment for Nonresident Aliens

For 2011, apply the procedure discussed on the next page to figure the amount of income tax to withhold from the wages of nonresident alien employees performing services within the United States. Use the chart shown on the next page in addition to the withholding tables used to figure income tax withholding on other employees.

Note. Nonresident alien students from India and business apprentices from India are not subject to this procedure.

Instructions. To figure how much income tax to withhold from the wages paid to a nonresident alien employee performing services in the United States, use the following steps.

Step 1. Add to the wages paid to the nonresident alien employee for the payroll period the amount shown in the chart below for the applicable payroll period.

**Amount to Add to Nonresident Alien
Employee's Wages for Calculating Income Tax
Withholding Only**

<u>Payroll Period</u>	<u>Add Additional</u>
Weekly	\$ 40.40
Biweekly	80.80
Semimonthly	87.50
Monthly	175.00
Quarterly	525.00
Semiannually	1,050.00
Annually	2,100.00
Daily or Miscellaneous (each day of the payroll period)	8.10

Step 2. Use the amount figured in *Step 1* and the number of withholding allowances claimed (generally limited to one allowance) to figure income tax withholding. Determine the value of withholding allowances by multiplying the number of withholding allowances claimed by the appropriate amount in the table shown on the previous page. Reduce the amount figured in *Step 1* by the value of withholding allowances and use that reduced amount to determine the wages subject to income tax withholding. Figure the income tax withholding using the Percentage Method Tables for Income Tax Withholding provided on the next two pages or the Wage Bracket Tables for Income Tax Withholding that will be published later in Publication 15 (Circular E).

Percentage Method Tables for Income Tax Withholding

(For Wages Paid in 2011)

TABLE 1—WEEKLY Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:				If the amount of wages (after subtracting withholding allowances) is:			
The amount of income tax to withhold is:				The amount of income tax to withhold is:			
Not over \$40 \$0				Not over \$152 \$0			
Over—	But not over—	of excess over—	of excess over—	Over—	But not over—	of excess over—	of excess over—
\$40	—\$204 . . .	\$0.00 plus 10%	—\$40	\$152	—\$479 . . .	\$0.00 plus 10%	—\$152
\$204	—\$704 . . .	\$16.40 plus 15%	—\$204	\$479	—\$1,479 . . .	\$32.70 plus 15%	—\$479
\$704	—\$1,648 . . .	\$91.40 plus 25%	—\$704	\$1,479	—\$2,832 . . .	\$182.70 plus 25%	—\$1,479
\$1,648	—\$3,394 . . .	\$327.40 plus 28%	—\$1,648	\$2,832	—\$4,235 . . .	\$520.95 plus 28%	—\$2,832
\$3,394	—\$7,332 . . .	\$816.28 plus 33%	—\$3,394	\$4,235	—\$7,443 . . .	\$913.79 plus 33%	—\$4,235
\$7,332	—\$2,115.82 plus 35%		—\$7,332	\$7,443	—\$1,972.43 plus 35%		—\$7,443

TABLE 2—BIWEEKLY Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:				If the amount of wages (after subtracting withholding allowances) is:			
The amount of income tax to withhold is:				The amount of income tax to withhold is:			
Not over \$81 \$0				Not over \$304 \$0			
Over—	But not over—	of excess over—	of excess over—	Over—	But not over—	of excess over—	of excess over—
\$81	—\$408 . . .	\$0.00 plus 10%	—\$81	\$304	—\$958 . . .	\$0.00 plus 10%	—\$304
\$408	—\$1,408 . . .	\$32.70 plus 15%	—\$408	\$958	—\$2,958 . . .	\$65.40 plus 15%	—\$958
\$1,408	—\$3,296 . . .	\$182.70 plus 25%	—\$1,408	\$2,958	—\$5,663 . . .	\$365.40 plus 25%	—\$2,958
\$3,296	—\$6,788 . . .	\$654.70 plus 28%	—\$3,296	\$5,663	—\$8,469 . . .	\$1,041.65 plus 28%	—\$5,663
\$6,788	—\$14,663 . . .	\$1,632.46 plus 33%	—\$6,788	\$8,469	—\$14,887 . . .	\$1,827.33 plus 33%	—\$8,469
\$14,663	—\$4,231.21 plus 35%		—\$14,663	\$14,887	—\$3,945.27 plus 35%		—\$14,887

TABLE 3—SEMIMONTHLY Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:				If the amount of wages (after subtracting withholding allowances) is:			
The amount of income tax to withhold is:				The amount of income tax to withhold is:			
Not over \$88 \$0				Not over \$329 \$0			
Over—	But not over—	of excess over—	of excess over—	Over—	But not over—	of excess over—	of excess over—
\$88	—\$442 . . .	\$0.00 plus 10%	—\$88	\$329	—\$1,038 . . .	\$0.00 plus 10%	—\$329
\$442	—\$1,525 . . .	\$35.40 plus 15%	—\$442	\$1,038	—\$3,204 . . .	\$70.90 plus 15%	—\$1,038
\$1,525	—\$3,571 . . .	\$197.85 plus 25%	—\$1,525	\$3,204	—\$6,135 . . .	\$395.80 plus 25%	—\$3,204
\$3,571	—\$7,354 . . .	\$709.35 plus 28%	—\$3,571	\$6,135	—\$9,175 . . .	\$1,128.55 plus 28%	—\$6,135
\$7,354	—\$15,885 . . .	\$1,768.59 plus 33%	—\$7,354	\$9,175	—\$16,127 . . .	\$1,979.75 plus 33%	—\$9,175
\$15,885	—\$4,583.82 plus 35%		—\$15,885	\$16,127	—\$4,273.91 plus 35%		—\$16,127

TABLE 4—MONTHLY Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:				If the amount of wages (after subtracting withholding allowances) is:			
The amount of income tax to withhold is:				The amount of income tax to withhold is:			
Not over \$175 \$0				Not over \$658 \$0			
Over—	But not over—	of excess over—	of excess over—	Over—	But not over—	of excess over—	of excess over—
\$175	—\$883 . . .	\$0.00 plus 10%	—\$175	\$658	—\$2,075 . . .	\$0.00 plus 10%	—\$658
\$883	—\$3,050 . . .	\$70.80 plus 15%	—\$883	\$2,075	—\$6,408 . . .	\$141.70 plus 15%	—\$2,075
\$3,050	—\$7,142 . . .	\$395.85 plus 25%	—\$3,050	\$6,408	—\$12,271 . . .	\$791.65 plus 25%	—\$6,408
\$7,142	—\$14,708 . . .	\$1,418.85 plus 28%	—\$7,142	\$12,271	—\$18,350 . . .	\$2,257.40 plus 28%	—\$12,271
\$14,708	—\$31,771 . . .	\$3,537.33 plus 33%	—\$14,708	\$18,350	—\$32,254 . . .	\$3,959.52 plus 33%	—\$18,350
\$31,771	—\$9,168.12 plus 35%		—\$31,771	\$32,254	—\$8,547.84 plus 35%		—\$32,254

Percentage Method Tables for Income Tax Withholding (continued)

(For Wages Paid in 2011)

TABLE 5—QUARTERLY Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:		If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$525		\$0		Not over \$1,975		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$525	—\$2,650	\$0.00 plus 10%	—\$525	\$1,975	—\$6,225	\$0.00 plus 10%	—\$1,975
\$2,650	—\$9,150	\$212.50 plus 15%	—\$2,650	\$6,225	—\$19,225	\$425.00 plus 15%	—\$6,225
\$9,150	—\$21,425	\$1,187.50 plus 25%	—\$9,150	\$19,225	—\$36,813	\$2,375.00 plus 25%	—\$19,225
\$21,425	—\$44,125	\$4,256.25 plus 28%	—\$21,425	\$36,813	—\$55,050	\$6,772.00 plus 28%	—\$36,813
\$44,125	—\$95,313	\$10,612.25 plus 33%	—\$44,125	\$55,050	—\$96,763	\$11,878.36 plus 33%	—\$55,050
\$95,313		\$27,504.29 plus 35%	—\$95,313	\$96,763		\$25,643.65 plus 35%	—\$96,763

TABLE 6—SEMIANNUAL Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:		If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$1,050		\$0		Not over \$3,950		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$1,050	—\$5,300	\$0.00 plus 10%	—\$1,050	\$3,950	—\$12,450	\$0.00 plus 10%	—\$3,950
\$5,300	—\$18,300	\$425.00 plus 15%	—\$5,300	\$12,450	—\$38,450	\$850.00 plus 15%	—\$12,450
\$18,300	—\$42,850	\$2,375.00 plus 25%	—\$18,300	\$38,450	—\$73,625	\$4,750.00 plus 25%	—\$38,450
\$42,850	—\$88,250	\$8,512.50 plus 28%	—\$42,850	\$73,625	—\$110,100	\$13,543.75 plus 28%	—\$73,625
\$88,250	—\$190,625	\$21,224.50 plus 33%	—\$88,250	\$110,100	—\$193,525	\$23,756.75 plus 33%	—\$110,100
\$190,625		\$55,008.25 plus 35%	—\$190,625	\$193,525		\$51,287.00 plus 35%	—\$193,525

TABLE 7—ANNUAL Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:		If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$2,100		\$0		Not over \$7,900		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$2,100	—\$10,600	\$0.00 plus 10%	—\$2,100	\$7,900	—\$24,900	\$0.00 plus 10%	—\$7,900
\$10,600	—\$36,600	\$850.00 plus 15%	—\$10,600	\$24,900	—\$76,900	\$1,700.00 plus 15%	—\$24,900
\$36,600	—\$85,700	\$4,750.00 plus 25%	—\$36,600	\$76,900	—\$147,250	\$9,500.00 plus 25%	—\$76,900
\$85,700	—\$176,500	\$17,025.00 plus 28%	—\$85,700	\$147,250	—\$220,200	\$27,087.50 plus 28%	—\$147,250
\$176,500	—\$381,250	\$42,449.00 plus 33%	—\$176,500	\$220,200	—\$387,050	\$47,513.50 plus 33%	—\$220,200
\$381,250		\$110,016.50 plus 35%	—\$381,250	\$387,050		\$102,574.00 plus 35%	—\$387,050

TABLE 8—DAILY or MISCELLANEOUS Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) divided by the number of days in the payroll period is:		The amount of income tax to withhold per day is:		If the amount of wages (after subtracting withholding allowances) divided by the number of days in the payroll period is:		The amount of income tax to withhold per day is:	
Not over \$8.10		\$0		Not over \$30.40		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$8.10	—\$40.80	\$0.00 plus 10%	—\$8.10	\$30.40	—\$95.80	\$0.00 plus 10%	—\$30.40
\$40.80	—\$140.80	\$3.27 plus 15%	—\$40.80	\$95.80	—\$295.80	\$6.54 plus 15%	—\$95.80
\$140.80	—\$329.60	\$18.27 plus 25%	—\$140.80	\$295.80	—\$566.30	\$36.54 plus 25%	—\$295.80
\$329.60	—\$678.80	\$65.47 plus 28%	—\$329.60	\$566.30	—\$846.90	\$104.17 plus 28%	—\$566.30
\$678.80	—\$1,466.30	\$163.25 plus 33%	—\$678.80	\$846.90	—\$1,488.70	\$182.74 plus 33%	—\$846.90
\$1,466.30		\$423.13 plus 35%	—\$1,466.30	\$1,488.70		\$394.53 plus 35%	—\$1,488.70