

WITHHOLDING TABLES

GENERAL INSTRUCTIONS FOR USE OF TABLES

1. Determine pay period (weekly, biweekly, etc.)
2. Find the number of personal allowances claimed by the employee on the Iowa Employee Withholding Allowance Certificate (IA W-4).
3. Using the correct table, select the wage bracket containing the amount of taxable wages paid to the employee. Certain payments made by the employer into employee retirement plans or for employee health insurance are not considered wages and are not included in the calculations of withholding tax.
4. Select the correct column for the number of personal allowances claimed.
5. Read across the row of the correct wage bracket and down the column of the correct number of personal allowances.
6. Add to the amount at the intersection the additional amount of withholding requested on the Employee's Withholding Allowance Certificate (IA W-4) Line 6.

WAGES OVER THE TOP BRACKET AMOUNT OF THE TABLE

Instructions

1. Subtract top bracket amount of wages from total taxable wages.
2. Multiply the result by 8.98 percent.
3. Add the tax amount over the top bracket to the tax amount from the table for the top bracket amount.
4. The sum of these two, plus any additional withholding requested on the W-4, is the amount to be withheld.

Example

Person earning \$2,880 biweekly salary claiming three personal allowances.

- $\$2,880 - \$2,300 = \$580$ excess over top bracket.
- $\$580 \times 8.98\% = \52.08 .
- $\$52.08 + \108.00 (withholding top bracket amount)
- no additional withholding was requested on the W-4
- $\$160.08$ total withholding.

WAGES PAID DAILY

Instructions

1. Multiply daily wages by 10.
2. Find withholding amount on biweekly table.
3. Divide withholding amount by 10.

Example

Person earning \$60 daily wages claiming two personal allowances.

- $\$60 \times 10 = \600.00
- Withholding on \$600 biweekly wages = \$11.00.
- $\$11.00 \div 10 = \1.10 withholding.

BONUSES AND COMMISSIONS

Bonus paid during each pay period

If the bonus or commission is paid as a part of the regular pay during each pay period, simply add the bonus to the regular pay and calculate withholding on the total payment.

Bonuses paid less often than regular pay

If a bonus is paid several times a year, but less often than the regular pay, the withholding on the bonus or commission is calculated by annualizing the payment.

Instructions

1. Multiply the amount of bonus by the number of times during the year a bonus is paid.
2. Determine the annual base wages or salary of the employee before bonuses
3. Add the two amounts together. Determine the withholding from the annual withholding table.
4. Determine the annual withholding on the base amount.
5. Subtract the withholding on the base wages from the total withholding.
6. Divide the result by the number of times a year a bonus is paid. This amount is the withholding on the bonus only.

Example

A \$2,000 quarterly bonus is paid to a person with a base salary of \$300 a week, who claims zero personal allowances.

1. \$2,000 bonus x 4 quarters = \$8,000 annualized bonus
2. \$300 salary per week x 52 weeks = \$15,600 base annual salary
3. \$8,000 + \$15,600 = \$23,600 annualized pay. Withholding from annual table = \$875.00
4. Withholding on base pay is \$458.00.
5. \$875.00 (withholding on gross pay) - \$458.00 (withholding on base pay) = \$417.00
6. \$417.00 ÷ 4 = \$104.25.

Payments made on an Annual Basis

Payments made only once a year include: compensation paid to entertainers performing in Iowa; rent from real or personal property; distributive shares to a beneficiary of an estate, or trust payments to landlords by agents, including payments by elevator operators for sale of grain or other commodities; income derived from any business of a temporary nature such as contracts for construction or fees paid for services; and annual bonuses paid to employees.

Annual Bonuses

Instructions

1. Determine the annual withholding on the base pay.
2. Add together the annual base pay and the bonus.
3. Determine the withholding on the total income from the annual table.
4. Subtract the withholding on the base pay from total withholding.
5. Difference equals the withholding on the bonus.

Example

Person who has an annual base pay of \$21,500, an annual bonus of \$10,750, and claims zero personal allowances.

1. Withholding on base pay = \$770.00
2. Base pay plus bonus = \$32,250.00 annual pay
3. Withholding from annual table equals \$1,376.00
4. Difference is \$1,376.00 - \$770.00 = \$606.00.
5. Withholding on bonus equals \$606.00.