

Withholding Scenarios Using Publication 15-T

APA created three scenarios to illustrate the federal income tax withholding calculations using Worksheet 1 of Publication 15-T. The first scenario is for an employee who has a Form W-4 from before 2020 on file, the second is for an employee who submitted a 2020 Form W-4, and the third is for an employee who checks the box in Step 2(c) on the 2020 Form W-4 indicating that there are two jobs in the household.

Scenario 1. For this scenario, Sondra has a 2017 Form W-4 on file claiming a marital status of single with zero withholding allowances and no additional withholding amount requested. After pretax deductions for a 401(k) plan deferral and cafeteria plan, Sondra's taxable wages for each biweekly pay period are \$1,800. Here is how Sondra's federal income tax withholding is calculated for each pay period in 2020.

Step 1		Adjust the Employee's Wage Amount
Line 1a	\$1,800.00	Wages per payroll period
Line 1b	26	Pay periods per year
Line 1c	\$46,800.00	1a x 1b
Line 1d		
Line 1e		
Line 1f		
Line 1g		
Line 1h		
Line 1i		
Line 1j	0	Number of allowances from pre-2020 W-4
Line 1k	\$0.00	1j x \$4,300
Line 1l	\$46,800 (this is the Adjusted Annual Wage Amount)	1c - 1k
Step 2		Figure the Tentative Withholding Amount
Line 2a	\$46,800.00	1l (Adjusted Annual Wage Amount from above)

Line 2b	\$43,925.00	Amount from Column A of single percentage method table
Line 2c	\$4,617.50	Amount from Column C of single percentage method table
Line 2d	22%	Percentage from Column D of single percentage method table
Line 2e	\$2,875.00	2a - 2b
Line 2f	\$632.50	2e x 2d
Line 2g	\$5,250.00	2c + 2f
Line 2h	\$201.92 (this is the Tentative Withholding Amount)	2g ÷ 1b
Step 3		Account for Tax Credits
Line 3a	\$0.00	Enter \$0.00 because the Form W-4 is a pre-2020 form
Line 3b	\$0.00	3a ÷ 1b
Line 3c	\$201.92	2h - 3b
Step 4		Figure the Final Amount to Withhold
Line 4a	\$0	Additional withholding amount from Line 6 of the pre-2020 Form W-4
Line 4b	\$201.92 (this is the final withholding amount)	3c + 4a

Scenario 2. For this scenario, Juan begins working for his employer in January 2020, and he submits a 2020 Form W-4 claiming a filing status of married filing jointly. Juan does not check the box in Step 2(c) and does not complete Steps 3 or 4. After pretax deductions for a 401(k) plan deferral and cafeteria plan, Juan's taxable wages for each weekly pay period are \$1,750. Here is how Juan's federal income tax withholding is calculated for each pay period in 2020.

Step 1		Adjust the Employee's Wage Amount
Line 1a	\$1,750.00	Wages per payroll period

Line 1b	52	Pay periods per year
Line 1c	\$91,000.00	1a x 1b
Line 1d	\$0	Amount on Step 4(a) of Form W-4
Line 1e	\$91,000.00	1c + 1d
Line 1f	\$0	Amount on Step 4(b) of Form W-4
Line 1g	\$12,900.00	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
Line 1h	\$12,900.00	1f + 1g
Line 1i	\$78,100.00 (this is the Adjusted Annual Wage Amount)	1e - 1h
Line 1j		
Line 1k		
Line 1l		
Step 2		Figure the Tentative Withholding Amount
Line 2a	\$78,100.00	1i (Adjusted Annual Wage Amount from above)
Line 2b	\$31,650.00	Amount from Column A of standard married filing jointly percentage method table
Line 2c	\$1,975.00	Amount from Column C of standard married filing jointly percentage method table
Line 2d	12%	Percentage from Column D of married filing jointly percentage method table
Line 2e	\$46,450.00	2a - 2b
Line 2f	\$5,574.00	2e x 2d
Line 2g	\$7,549.00	2c + 2f
Line 2h	\$145.17 (this is the Tentative Withholding Amount)	2g ÷ 1b
Step 3		Account for Tax Credits
Line 3a	\$0	Amount entered in Step 3 on the 2020 Form W-4
Line 3b	\$0	3a ÷ 1b (since 3a is 0, this line is 0)

Line 3c	\$145.17 (this is the withholding amount after accounting for tax credits)	2h - 3b
Step 4		Figure the Final Amount to Withhold
Line 4a	\$0	Additional withholding amount from Step 4(c) of the 2020 Form W-4
Line 4b	\$145.17 (this is the final withholding amount)	3c + 4a

Scenario 3. For this scenario, Maureen begins working for her employer in January 2020, and she submits a 2020 Form W-4 claiming a filing status of married filing jointly. Maureen checks the box in Step 2(c), claims total tax credits of \$4,500 in Step 3, enters \$4,000 of other income in Step 4(a), and enters \$150 of additional tax withholding in Step 4(c). After pretax deductions for a 401(k) plan deferral and cafeteria plan, Maureen's taxable wages for each biweekly pay period are \$4,800. Here is how Maureen's federal income tax withholding is calculated for each pay period in 2020.

Step 1		Adjust the Employee's Wage Amount
Line 1a	\$4,800.00	Wages per payroll period
Line 1b	26	Pay periods per year
Line 1c	\$124,800.00	1a x 1b
Line 1d	\$4,000.00	Amount on Step 4(a) of Form W-4
Line 1e	\$128,800.00	1c + 1d
Line 1f	\$0.00	Amount on Step 4(b) of Form W-4
Line 1g	\$0.00	If the box in Step 2 of Form W-4 is checked, enter 0
Line 1h	\$0.00	1f + 1g
Line 1i	\$128,800.00 (this is the Adjusted Annual Wage Amount)	1e - 1h
Line 1j		
Line 1k		
Line 1l		
Step 2		Figure the Tentative Withholding Amount

Line 2a	\$128,800.00	1i (Adjusted Annual Wage Amount from above)
Line 2b	\$97,925.00	Amount from Column A of Step 2, checkbox, married filing jointly percentage method table
Line 2c	\$14,605.50	A mount from Column C of Step 2, checkbox, married filing jointly percentage method table
Line 2d	24%	Percentage from Column D of Step 2, checkbox, married filing jointly percentage method table
Line 2e	\$30,875.00	2a - 2b
Line 2f	\$7,410.00	2e x 2d
Line 2g	\$22,015.50	2c + 2f
Line 2h	\$846.75 (this is the Tentative Withholding Amount)	2g ÷ 1b
Step 3		Account for Tax Credits
Line 3a	\$4,500.00	Amount from Step 3 on the 2020 Form W-4
Line 3b	\$173.08	3a ÷ 1b
Line 3c	\$673.67 (this is the withholding amount after accounting for tax credits)	2h - 3b
Step 4		Figure the Final Amount to Withhold
Line 4a	\$150.00	Additional withholding amount from Step 4(c) of the 2020 Form W-4
Line 4b	\$823.67 (this is the final withholding amount)	3c + 4a