

# 2008 Payroll Tax Information

(The new guidelines on Federal Income Tax withholding, Social Security, and Medicare are effective for wages PAID on and after January 1, 2008. The Medical Aid guidelines are effective for hours WORKED on and after January 1, 2008.)

## A. FEDERAL INCOME TAX WITHHOLDING

1. Calculate the taxable gross:

$$\begin{array}{r} \text{Gross Pay minus Reductions} \\ \text{PERS, UWRP,} \\ \text{TRS, LEOFF, FSA,} \\ \text{VIP, State Def Comp,} \\ \text{Pre-Tax Med Ins/Dependant Care,} \\ \text{Pre-Tax Parking} \end{array} = \text{Taxable Gross}$$

2. Calculate the Federal Withholding Allowance (amount per IRS)

$$\$145.83 \quad \times \quad \text{number of allowances claimed}$$

3. Calculate the Taxable Income:

$$\text{Taxable Gross minus Federal Withholding Allowance} = \text{Taxable Income}$$

4. Using Taxable Income, calculate Federal Income Tax Withholding using TABLE 3 below:

(from *Publication 15*, "Circular E, Employer's Tax Guide")

**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:			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 \$110			\$0		Not over \$333			\$0	
Over	But not over		of excess over		Over	But not over		of excess over	
\$110	\$429		10%	\$110	\$333	\$981		10%	\$333
\$429	\$1,415	\$31.90	plus 15%	\$429	\$981	\$3,006	\$64.80	plus 15%	\$981
\$1,415	\$3,322	\$179.80	plus 25%	\$1,415	\$3,006	\$5,744	\$368.55	plus 25%	\$3,006
\$3,322	\$6,938	\$656.55	plus 28%	\$3,322	\$5,744	\$8,654	\$1,053.05	plus 28%	\$5,744
\$6,938	\$14,985	\$1,669.03	plus 33%	\$6,938	\$8,654	\$15,213	\$1,867.85	plus 33%	\$8,654
\$14,985		\$4,324.54	plus 35%	\$14,985	\$15,213		\$4,032.32	plus 35%	\$15,213

## B. SOCIAL SECURITY/MEDICARE

Taxable Gross = Gross Pay minus Pretax Med Ins, Dep. Care, Pre-Tax Parking, FSA

Social Security      6.2%    X    Taxable gross up to \$102,000    Maximum Tax \$6,324.00

Medicare              1.45%    X    all taxable gross pay

## C. MEDICAL AID (Worker's Compensation) for hours worked on or after Jan. 1st

.0720                      X              hours worked (maximum 80 hours)

The maximum deduction is:

.0720                      X              80 hours                      =              \$5.76 per pay period

Employer Contribution: 0.1531 X hours up to a maximum of \$12.25