

Notice 1036

(Rev. December 2014)



Department of the Treasury
Internal Revenue Service

Early Release Copies of the 2015 Percentage Method Tables for Income Tax Withholding

Future Developments

For the latest information about developments related to Notice 1036, such as legislation enacted after it was published, go to www.irs.gov/notice1036.

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 2015). Publication 15 (Circular E) will be posted on IRS.gov in December 2014.

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 2015, they are:

<u>Payroll Period</u>	<u>One Withholding Allowance</u>
Weekly	\$ 76.90
Biweekly	153.80
Semimonthly	166.70
Monthly	333.30
Quarterly	1,000.00
Semiannually	2,000.00
Annually	4,000.00
Daily or Miscellaneous (each day of the payroll period)	15.40

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 \$2.50 becomes \$3.

Withholding Adjustment for Nonresident Aliens

For 2015, apply the procedure discussed below to figure the amount of income tax to withhold from the wages of nonresident alien employees performing services within the United States.

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	\$ 44.20
Biweekly	88.50
Semimonthly	95.80
Monthly	191.70
Quarterly	575.00
Semiannually	1,150.00
Annually	2,300.00
Daily or Miscellaneous (each day of the payroll period)	8.80

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 earlier. 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 pages 3 and 4. Alternatively, you can figure the income tax withholding using the Wage Bracket Method Tables for Income Tax Withholding included in Publication 15 (Circular E) (For use in 2015).

Social Security and Medicare Tax for 2015

For social security, the tax rate is 6.2% each for the employee and employer, unchanged from 2014. The social security wage base limit is \$118,500. The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2014. There is no wage base limit for Medicare tax.

Additional Medicare Tax Withholding

In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You are required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold. For more information on what wages are subject to Medicare tax, see the chart, *Special Rules for Various Types of Services and Payments*, in section 15 of Publication 15 (Circular E). For more information on Additional Medicare Tax, visit IRS.gov and enter "Additional Medicare Tax" in the search box.

Withholding on Supplemental Wages

See section 7 of Publication 15 (Circular E) for the definition of supplemental wages.

Withholding on supplemental wages when an employee receives \$1 million or less of supplemental wages during the calendar year. If the supplemental wages paid to the employee during the calendar year are less than or equal to \$1 million, the following rules apply in determining the amount of income tax to be withheld.

Supplemental wages combined with regular wages. If you pay supplemental wages with regular wages but do not specify the amount of each, withhold federal income tax as if the total were a single payment for a regular payroll period.

Supplemental wages identified separately from regular wages. If you pay supplemental wages separately (or combine them in a single payment and specify the amount of each), the federal income tax withholding method depends partly on whether you withhold income tax from your employee's regular wages.

1. If you withheld income tax from an employee's regular wages in the current or immediately preceding

calendar year, you can use one of the following methods for the supplemental wages.

a. Withhold a flat 25% (no other percentage allowed).

b. If the supplemental wages are paid concurrently with regular wages, add the supplemental wages to the concurrently paid regular wages. If there are no concurrently paid regular wages, add the supplemental wages to alternatively, either the regular wages paid or to be paid for the current payroll period or the regular wages paid for the preceding payroll period. Figure the income tax withholding as if the total of the regular wages and supplemental wages is a single payment. Subtract the tax withheld from the regular wages. Withhold the remaining tax from the supplemental wages. If there were other payments of supplemental wages paid during the payroll period made before the current payment of supplemental wages, aggregate all the payments of supplemental wages paid during the payroll period with the regular wages paid during the payroll period, calculate the tax on the total, subtract the tax already withheld from the regular wages and the previous supplemental wage payments, and withhold the remaining tax.

2. If you did not withhold income tax from the employee's regular wages in the current or immediately preceding calendar year, use method 1-b. This would occur, for example, when the value of the employee's withholding allowances claimed on Form W-4 is more than the wages.

Withholding on supplemental wages when an employee receives more than \$1 million of supplemental wages during the calendar year. If a supplemental wage payment, together with other supplemental wage payments made to the employee during the calendar year, exceeds \$1 million, the excess is subject to withholding at 39.6% (or the highest rate of income tax for the year). Withhold using the 39.6% rate without regard to the employee's Form W-4.

Regardless of the method you use to withhold income tax on supplemental wages, they are subject to social security, Medicare, and FUTA taxes. Examples of withholding on supplemental wage payments are included in section 7 of Publication 15 (Circular E).

Backup Withholding Rate

You generally must withhold 28% of certain taxable payments if the payee fails to furnish you with his or her correct taxpayer identification number (TIN). This withholding is referred to as "backup withholding."

For more information on backup withholding, including the types of payments subject to backup withholding, see *Nonpayroll Income Tax Withholding* in Publication 15 (Circular E).

Percentage Method Tables for Income Tax Withholding

(For Wages Paid in 2015)

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:		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 \$44		\$0		Not over \$165		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$44	—\$222 . . .	\$0.00 plus 10%	—\$44	\$165	—\$520 . . .	\$0.00 plus 10%	—\$165
\$222	—\$764 . . .	\$17.80 plus 15%	—\$222	\$520	—\$1,606 . . .	\$35.50 plus 15%	—\$520
\$764	—\$1,789 . . .	\$99.10 plus 25%	—\$764	\$1,606	—\$3,073 . . .	\$198.40 plus 25%	—\$1,606
\$1,789	—\$3,685 . . .	\$355.35 plus 28%	—\$1,789	\$3,073	—\$4,597 . . .	\$565.15 plus 28%	—\$3,073
\$3,685	—\$7,958 . . .	\$886.23 plus 33%	—\$3,685	\$4,597	—\$8,079 . . .	\$991.87 plus 33%	—\$4,597
\$7,958	—\$7,990 . . .	\$2,296.32 plus 35%	—\$7,958	\$8,079	—\$9,105 . . .	\$2,140.93 plus 35%	—\$8,079
\$7,990	\$2,307.52 plus 39.6%	—\$7,990	\$9,105	\$2,500.03 plus 39.6%	—\$9,105

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:		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 \$88		\$0		Not over \$331		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$88	—\$443 . . .	\$0.00 plus 10%	—\$88	\$331	—\$1,040 . . .	\$0.00 plus 10%	—\$331
\$443	—\$1,529 . . .	\$35.50 plus 15%	—\$443	\$1,040	—\$3,212 . . .	\$70.90 plus 15%	—\$1,040
\$1,529	—\$3,579 . . .	\$198.40 plus 25%	—\$1,529	\$3,212	—\$6,146 . . .	\$396.70 plus 25%	—\$3,212
\$3,579	—\$7,369 . . .	\$710.90 plus 28%	—\$3,579	\$6,146	—\$9,194 . . .	\$1,130.20 plus 28%	—\$6,146
\$7,369	—\$15,915 . . .	\$1,772.10 plus 33%	—\$7,369	\$9,194	—\$16,158 . . .	\$1,983.64 plus 33%	—\$9,194
\$15,915	—\$15,981 . . .	\$4,592.28 plus 35%	—\$15,915	\$16,158	—\$18,210 . . .	\$4,281.76 plus 35%	—\$16,158
\$15,981	\$4,615.38 plus 39.6%	—\$15,981	\$18,210	\$4,999.96 plus 39.6%	—\$18,210

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 \$96		\$0		Not over \$358		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$96	—\$480 . . .	\$0.00 plus 10%	—\$96	\$358	—\$1,127 . . .	\$0.00 plus 10%	—\$358
\$480	—\$1,656 . . .	\$38.40 plus 15%	—\$480	\$1,127	—\$3,479 . . .	\$76.90 plus 15%	—\$1,127
\$1,656	—\$3,877 . . .	\$214.80 plus 25%	—\$1,656	\$3,479	—\$6,658 . . .	\$429.70 plus 25%	—\$3,479
\$3,877	—\$7,983 . . .	\$770.05 plus 28%	—\$3,877	\$6,658	—\$9,960 . . .	\$1,224.45 plus 28%	—\$6,658
\$7,983	—\$17,242 . . .	\$1,919.73 plus 33%	—\$7,983	\$9,960	—\$17,504 . . .	\$2,149.01 plus 33%	—\$9,960
\$17,242	—\$17,313 . . .	\$4,975.20 plus 35%	—\$17,242	\$17,504	—\$19,727 . . .	\$4,638.53 plus 35%	—\$17,504
\$17,313	\$5,000.05 plus 39.6%	—\$17,313	\$19,727	\$5,416.58 plus 39.6%	—\$19,727

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:		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 \$192		\$0		Not over \$717		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$192	—\$960 . . .	\$0.00 plus 10%	—\$192	\$717	—\$2,254 . . .	\$0.00 plus 10%	—\$717
\$960	—\$3,313 . . .	\$76.80 plus 15%	—\$960	\$2,254	—\$6,958 . . .	\$153.70 plus 15%	—\$2,254
\$3,313	—\$7,754 . . .	\$429.75 plus 25%	—\$3,313	\$6,958	—\$13,317 . . .	\$859.30 plus 25%	—\$6,958
\$7,754	—\$15,967 . . .	\$1,540.00 plus 28%	—\$7,754	\$13,317	—\$19,921 . . .	\$2,449.05 plus 28%	—\$13,317
\$15,967	—\$34,483 . . .	\$3,839.64 plus 33%	—\$15,967	\$19,921	—\$35,008 . . .	\$4,298.17 plus 33%	—\$19,921
\$34,483	—\$34,625 . . .	\$9,949.92 plus 35%	—\$34,483	\$35,008	—\$39,454 . . .	\$9,276.88 plus 35%	—\$35,008
\$34,625	\$9,999.62 plus 39.6%	—\$34,625	\$39,454	\$10,832.98 plus 39.6%	—\$39,454

Percentage Method Tables for Income Tax Withholding (continued)

(For Wages Paid in 2015)

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 \$575		\$0		Not over \$2,150		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$575	—\$2,881 . . .	\$0.00 plus 10%	—\$575	\$2,150	—\$6,763 . . .	\$0.00 plus 10%	—\$2,150
\$2,881	—\$9,938 . . .	\$230.60 plus 15%	—\$2,881	\$6,763	—\$20,875 . . .	\$461.30 plus 15%	—\$6,763
\$9,938	—\$23,263 . . .	\$1,289.15 plus 25%	—\$9,938	\$20,875	—\$39,950 . . .	\$2,578.10 plus 25%	—\$20,875
\$23,263	—\$47,900 . . .	\$4,620.40 plus 28%	—\$23,263	\$39,950	—\$59,763 . . .	\$7,346.85 plus 28%	—\$39,950
\$47,900	—\$103,450 . . .	\$11,518.76 plus 33%	—\$47,900	\$59,763	—\$105,025 . . .	\$12,894.49 plus 33%	—\$59,763
\$103,450	—\$103,875 . . .	\$29,850.26 plus 35%	—\$103,450	\$105,025	—\$118,363 . . .	\$27,830.95 plus 35%	—\$105,025
\$103,875		\$29,999.01 plus 39.6%	—\$103,875	\$118,363		\$32,499.25 plus 39.6%	—\$118,363

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 \$1,150		\$0		Not over \$4,300		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$1,150	—\$5,763 . . .	\$0.00 plus 10%	—\$1,150	\$4,300	—\$13,525 . . .	\$0.00 plus 10%	—\$4,300
\$5,763	—\$19,875 . . .	\$461.30 plus 15%	—\$5,763	\$13,525	—\$41,750 . . .	\$922.50 plus 15%	—\$13,525
\$19,875	—\$46,525 . . .	\$2,578.10 plus 25%	—\$19,875	\$41,750	—\$79,900 . . .	\$5,156.25 plus 25%	—\$41,750
\$46,525	—\$95,800 . . .	\$9,240.60 plus 28%	—\$46,525	\$79,900	—\$119,525 . . .	\$14,693.75 plus 28%	—\$79,900
\$95,800	—\$206,900 . . .	\$23,037.60 plus 33%	—\$95,800	\$119,525	—\$210,050 . . .	\$25,788.75 plus 33%	—\$119,525
\$206,900	—\$207,750 . . .	\$59,700.60 plus 35%	—\$206,900	\$210,050	—\$236,725 . . .	\$55,662.00 plus 35%	—\$210,050
\$207,750		\$59,998.10 plus 39.6%	—\$207,750	\$236,725		\$64,998.25 plus 39.6%	—\$236,725

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 \$2,300		\$0		Not over \$8,600		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$2,300	—\$11,525 . . .	\$0.00 plus 10%	—\$2,300	\$8,600	—\$27,050 . . .	\$0.00 plus 10%	—\$8,600
\$11,525	—\$39,750 . . .	\$922.50 plus 15%	—\$11,525	\$27,050	—\$83,500 . . .	\$1,845.00 plus 15%	—\$27,050
\$39,750	—\$93,050 . . .	\$5,156.25 plus 25%	—\$39,750	\$83,500	—\$159,800 . . .	\$10,312.50 plus 25%	—\$83,500
\$93,050	—\$191,600 . . .	\$18,481.25 plus 28%	—\$93,050	\$159,800	—\$239,050 . . .	\$29,387.50 plus 28%	—\$159,800
\$191,600	—\$413,800 . . .	\$46,075.25 plus 33%	—\$191,600	\$239,050	—\$420,100 . . .	\$51,577.50 plus 33%	—\$239,050
\$413,800	—\$415,500 . . .	\$119,401.25 plus 35%	—\$413,800	\$420,100	—\$473,450 . . .	\$111,324.00 plus 35%	—\$420,100
\$415,500		\$119,996.25 plus 39.6%	—\$415,500	\$473,450		\$129,996.50 plus 39.6%	—\$473,450

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 \$8.80		\$0		Not over \$33.10		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$8.80	—\$44.30 . . .	\$0.00 plus 10%	—\$8.80	\$33.10	—\$104.00 . . .	\$0.00 plus 10%	—\$33.10
\$44.30	—\$152.90 . . .	\$3.55 plus 15%	—\$44.30	\$104.00	—\$321.20 . . .	\$7.09 plus 15%	—\$104.00
\$152.90	—\$357.90 . . .	\$19.84 plus 25%	—\$152.90	\$321.20	—\$614.60 . . .	\$39.67 plus 25%	—\$321.20
\$357.90	—\$736.90 . . .	\$71.09 plus 28%	—\$357.90	\$614.60	—\$919.40 . . .	\$113.02 plus 28%	—\$614.60
\$736.90	—\$1,591.50 . . .	\$177.21 plus 33%	—\$736.90	\$919.40	—\$1,615.80 . . .	\$198.36 plus 33%	—\$919.40
\$1,591.50	—\$1,598.10 . . .	\$459.23 plus 35%	—\$1,591.50	\$1,615.80	—\$1,821.00 . . .	\$428.17 plus 35%	—\$1,615.80
\$1,598.10		\$461.54 plus 39.6%	—\$1,598.10	\$1,821.00		\$499.99 plus 39.6%	—\$1,821.00