

United States Federal

Withholding Tax Regular Wages Only

Annualized Method Calculation Example

This calculation example is based on the following filing statuses:

- 2020 Form W-4: Married Filing Jointly
- Pre-2020 Form W-4: Married with four allowances

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Step	Action	Result	2020 Form W-4	Pre-2020 Form W-4
1	Multiply gross wages per pay period by the annual number of pay periods.	Annual gross wages	$\begin{array}{r} 1,000.00 \\ \times \quad 52 \\ \hline 52,000.00 \end{array}$	$\begin{array}{r} 1,000.00 \\ \times \quad 52 \\ \hline 52,000.00 \end{array}$
2	Subtract the pre-2020 Form W-4 withholding allowance. Standard deduction: 4,300.00	Annual taxable wages pre-2020 W-4	Not applicable	$\begin{array}{r} 52,000.00 \\ - \quad 17,200.00 \\ \hline 34,800.00 \end{array}$
3	Add the other income amount from Form W-4 Step 4a.	Annual wages including other income	$\begin{array}{r} 52,000.00 \\ + \quad 0.00 \\ \hline 52,000.00 \end{array}$	Not applicable
4	Subtract the other (non-standard) deduction amount from Form W-4 Step 4b.	Annual wages minus other deductions	$\begin{array}{r} 52,000.00 \\ - \quad 0.00 \\ \hline 52,000.00 \end{array}$	Not applicable
5	Subtract the standard deduction. Standard deduction: 12,900.00 <i>Note: The standard deduction is 0 if the Form W-4 Step 2 check box is selected. Use the Step 2 Check Box Selected withholding tables to calculate the tax.</i>	Annual taxable wages 2020 W-4	$\begin{array}{r} 52,000.00 \\ - \quad 12,900.00 \\ \hline 39,100.00 \end{array}$	Not applicable
6	Compute the annual federal tax using the standard tax table. Married: Line 3	Annual federal tax	$\begin{array}{r} 39,100.00 \\ - \quad 17,100.00 \\ \hline 22,000.00 \\ \times \quad 0.10 \\ \hline 2,200.00 \end{array}$	$\begin{array}{r} 34,800.00 \\ - \quad 17,100.00 \\ \hline 17,700.00 \\ \times \quad 0.10 \\ \hline 1,770.00 \end{array}$

			$+ \frac{0.00}{2,200.00}$	$+ \frac{0.00}{1,770.00}$
7	Divide the annual federal tax by the annual number of pay periods.	Preliminary federal tax for the pay period	$\frac{2,200.00}{52}$ 42.31	$\frac{1,770.00}{52}$ 34.04
8	Subtract the tax credit amount from Form W-4 Step 3. <i>Note: The tax credit amount is divided by the number of pay periods to determine the pay period tax credit.</i>	Federal tax for the pay period	$- \frac{0.00}{42.31}$ 42.31	Not applicable