1. Percentage Method Tables for Automated Payroll Systems and Withholding on Periodic Payments of Pensions and Annuities

If you're an employer with an automated payroll system, use Worksheet 1A and the Percentage Method tables in this section to figure federal income tax withholding. This method works for Forms W-4 for all prior, current, and future years. This method also works for any amount of wages. If the Form W-4 is from 2019 or earlier, this method works for any number of withholding allowances claimed.

If you're a payer making periodic payments of pensions and annuities, use Worksheet 1B and the Percentage Method tables in this section to figure federal income tax withholding. This method works for Forms W-4P for all prior, current, and future years. If a payer is figuring withholding on periodic payments based on a 2021 or earlier Form W-4P, the payer may also figure withholding using the methods described in .

Worksheet 1A. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems

Keep for Your Records

Table 3	Semiannually	Quarterly	Monthly	Semimonthly	Biweekly	Weekly	Daily
	2	4	12	24	26	52	260

Step 1. **Adjust the employee's payment amount**

1a Enter the employee's total taxable wages this payroll period . . . . 1a $ _____

1b Enter the number of pay periods you have per year (see Table 3) . . . . 1b _____

1c Multiply the amount on line 1a by the number on line 1b . . . . 1c $ _____

If the employee **HAS** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

1d Enter the amount from Step 4(a) of the employee's Form W-4 . . . . 1d $ _____

1e Add lines 1c and 1d . . . . 1e $ _____

1f Enter the amount from Step 4(b) of the employee's Form W-4 . . . . 1f $ _____

1g 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 . . . . 1g $ _____

1h Add lines 1f and 1g . . . . 1h $ _____

1i Subtract line 1h from line 1e. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** . . . . 1i $ _____

If the employee **HAS NOT** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

1j Enter the number of allowances claimed on the employee's most recent Form W-4 . . . . 1j _____

1k Multiply line 1j by $4,300 . . . . 1k $ _____

1l Subtract line 1k from line 1c. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** . . . . 1l $ _____

Step 2. **Figure the Tentative Withholding Amount**

based on the employee's Adjusted Annual Wage Amount; filing status (Step 1(c) of the 2020 or later Form W-4) or marital status (line 3 of Form W-4 from 2019 or earlier); and whether the box in Step 2 of 2020 or later Form W-4 is checked.
Note. Don't use the Head of Household table if the Form W-4 is from 2019 or earlier.

2a Enter the employee's **Adjusted Annual Wage Amount** from line 1i or 1l above . . . . 2a $ _____

2b Find the row in the appropriate **Annual** Percentage Method table in which the amount on line 2a is at least the amount in column A but less than the amount in column B, then enter here the amount from column A of that row . . . . 2b $ _____

2c Enter the amount from column C of that row . . . . 2c $ _____

2d Enter the percentage from column D of that row . . . . 2d _____ %

2e Subtract line 2b from line 2a . . . . 2e $ _____

2f Multiply the amount on line 2e by the percentage on line 2d . . . . 2f $ _____

2g Add lines 2c and 2f . . . . 2g $ _____

2h Divide the amount on line 2g by the number of pay periods on line 1b. This is the **Tentative Withholding Amount** . . . . 2h $ _____

Step 3. **Account for tax credits**

3a If the employee's Form W-4 is from 2020 or later, enter the amount from Step 3 of that form; otherwise, enter -0- . . . . 3a $ _____

3b Divide the amount on line 3a by the number of pay periods on line 1b . . . . 3b $ _____

3c Subtract line 3b from line 2h. If zero or less, enter -0- . . . . 3c $ _____

Step 4. **Figure the final amount to withhold**

4a Enter the additional amount to withhold from the employee's Form W-4 (Step 4(c) of the 2020 or later form or line 6 on earlier forms) . . . . 4a $ _____

4b Add lines 3c and 4a. **This is the amount to withhold from the employee's wages this pay period** . . . . 4b $ _____