

Notice 1036

(Rev. December 2012)



Department of the Treasury
Internal Revenue Service

Early Release Copies of the 2013 Percentage Method Tables for Income Tax Withholding

What's New

2013 withholding tables. This notice includes the 2013 Percentage Method Tables for Income Tax Withholding. Employers should implement the 2013 withholding tables as soon as possible, but not later than February 15, 2013. Use the 2012 withholding tables until you implement the 2013 withholding tables.

Social security tax. For 2013, the employee tax rate for social security increases to 6.2%. The social security wage base limit increases to \$113,700.

Employers should implement the 6.2% employee social security tax rate as soon as possible, but not later than February 15, 2013. After implementing the new 6.2% rate, employers should make an adjustment in a subsequent pay period to correct any underwithholding of social security tax as soon as possible, but not later than March 31, 2013.

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.

Social Security and Medicare Tax for 2013

The employee tax rate for social security is 6.2%. Previously, the employee tax rate for social security was 4.2%. The employer tax rate for social security remains unchanged at 6.2%. The social security wage base limit is \$113,700. The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2012. There is no wage base limit for Medicare tax.

Employers should implement the 6.2% employee social security tax rate as soon as possible, but not later than February 15, 2013. After implementing the new 6.2% rate, employers should make an adjustment in a subsequent pay period to correct any underwithholding of social security tax as soon as possible, but not later than March 31, 2013.

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), Employer's Tax Guide.

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 2013). Publication 15 (Circular E) will be posted on IRS.gov and available at IRS offices in early 2013.

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 2013, they are:

<u>Payroll Period</u>	<u>One Withholding Allowance</u>
Weekly	\$ 75.00
Biweekly	150.00
Semimonthly	162.50
Monthly	325.00
Quarterly	975.00
Semiannually	1,950.00
Annually	3,900.00
Daily or Miscellaneous (each day of the payroll period)	15.00

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 2013, 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	\$ 42.31
Biweekly	84.62
Semimonthly	91.67
Monthly	183.33
Quarterly	550.00
Semiannually	1,100.00
Annually	2,200.00
Daily or Miscellaneous (each day of the payroll period)	8.46

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 on the previous page. 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 the next two pages. Alternatively, you can figure the income tax withholding using the Wage Bracket Tables for Income Tax Withholding included in Publication 15 (Circular E) (For use in 2013).

Percentage Method Tables for Income Tax Withholding

(For Wages Paid in 2013)

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 \$42		\$0		Not over \$120		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$42	—\$739 ..	\$0.00 plus 15%	—\$42	\$120	—\$1,285 ..	\$0.00 plus 15%	—\$120
\$739	—\$1,732 ..	\$104.55 plus 28%	—\$739	\$1,285	—\$2,936 ..	\$174.75 plus 28%	—\$1,285
\$1,732	—\$3,566 ..	\$382.59 plus 31%	—\$1,732	\$2,936	—\$4,410 ..	\$637.03 plus 31%	—\$2,936
\$3,566	—\$7,703 ..	\$951.13 plus 36%	—\$3,566	\$4,410	—\$7,781 ..	\$1,093.97 plus 36%	—\$4,410
\$7,703		\$2,440.45 plus 39.6%	—\$7,703	\$7,781		\$2,307.53 plus 39.6%	—\$7,781

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 \$85		\$0		Not over \$240		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$85	—\$1,479 ..	\$0.00 plus 15%	—\$85	\$240	—\$2,569 ..	\$0.00 plus 15%	—\$240
\$1,479	—\$3,463 ..	\$209.10 plus 28%	—\$1,479	\$2,569	—\$5,871 ..	\$349.35 plus 28%	—\$2,569
\$3,463	—\$7,133 ..	\$764.62 plus 31%	—\$3,463	\$5,871	—\$8,819 ..	\$1,273.91 plus 31%	—\$5,871
\$7,133	—\$15,406 ..	\$1,902.32 plus 36%	—\$7,133	\$8,819	—\$15,562 ..	\$2,187.79 plus 36%	—\$8,819
\$15,406		\$4,880.60 plus 39.6%	—\$15,406	\$15,562		\$4,615.27 plus 39.6%	—\$15,562

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 \$92		\$0		Not over \$260		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$92	—\$1,602 ..	\$0.00 plus 15%	—\$92	\$260	—\$2,783 ..	\$0.00 plus 15%	—\$260
\$1,602	—\$3,752 ..	\$226.50 plus 28%	—\$1,602	\$2,783	—\$6,360 ..	\$378.45 plus 28%	—\$2,783
\$3,752	—\$7,727 ..	\$828.50 plus 31%	—\$3,752	\$6,360	—\$9,554 ..	\$1,380.01 plus 31%	—\$6,360
\$7,727	—\$16,690 ..	\$2,060.75 plus 36%	—\$7,727	\$9,554	—\$16,858 ..	\$2,370.15 plus 36%	—\$9,554
\$16,690		\$5,287.43 plus 39.6%	—\$16,690	\$16,858		\$4,999.59 plus 39.6%	—\$16,858

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 \$183		\$0		Not over \$521		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$183	—\$3,204 ..	\$0.00 plus 15%	—\$183	\$521	—\$5,567 ..	\$0.00 plus 15%	—\$521
\$3,204	—\$7,504 ..	\$453.15 plus 28%	—\$3,204	\$5,567	—\$12,721 ..	\$756.90 plus 28%	—\$5,567
\$7,504	—\$15,454 ..	\$1,657.15 plus 31%	—\$7,504	\$12,721	—\$19,108 ..	\$2,760.02 plus 31%	—\$12,721
\$15,454	—\$33,379 ..	\$4,121.65 plus 36%	—\$15,454	\$19,108	—\$33,717 ..	\$4,739.99 plus 36%	—\$19,108
\$33,379		\$10,574.65 plus 39.6%	—\$33,379	\$33,717		\$9,999.23 plus 39.6%	—\$33,717

Percentage Method Tables for Income Tax Withholding (continued)

(For Wages Paid in 2013)

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 \$550		\$0		Not over \$1,563		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$550	—\$9,613 ...	\$0.00 plus 15%	—\$550	\$1,563	—\$16,700 ...	\$0.00 plus 15%	—\$1,563
\$9,613	—\$22,513 ...	\$1,359.45 plus 28%	—\$9,613	\$16,700	—\$38,163 ...	\$2,270.55 plus 28%	—\$16,700
\$22,513	—\$46,363 ...	\$4,971.45 plus 31%	—\$22,513	\$38,163	—\$57,325 ...	\$8,280.19 plus 31%	—\$38,163
\$46,363	—\$100,138 ...	\$12,364.95 plus 36%	—\$46,363	\$57,325	—\$101,150 ...	\$14,220.41 plus 36%	—\$57,325
\$100,138		\$31,723.95 plus 39.6%	—\$100,138	\$101,150		\$29,997.41 plus 39.6%	—\$101,150

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 \$1,100		\$0		Not over \$3,125		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$1,100	—\$19,225 ...	\$0.00 plus 15%	—\$1,100	\$3,125	—\$33,400 ...	\$0.00 plus 15%	—\$3,125
\$19,225	—\$45,025 ...	\$2,718.75 plus 28%	—\$19,225	\$33,400	—\$76,325 ...	\$4,541.25 plus 28%	—\$33,400
\$45,025	—\$92,725 ...	\$9,942.75 plus 31%	—\$45,025	\$76,325	—\$114,650 ...	\$16,560.25 plus 31%	—\$76,325
\$92,725	—\$200,275 ...	\$24,729.75 plus 36%	—\$92,725	\$114,650	—\$202,300 ...	\$28,441.00 plus 36%	—\$114,650
\$200,275		\$63,447.75 plus 39.6%	—\$200,275	\$202,300		\$59,995.00 plus 39.6%	—\$202,300

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 \$2,200		\$0		Not over \$6,250		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$2,200	—\$38,450 ...	\$0.00 plus 15%	—\$2,200	\$6,250	—\$66,800 ...	\$0.00 plus 15%	—\$6,250
\$38,450	—\$90,050 ...	\$5,437.50 plus 28%	—\$38,450	\$66,800	—\$152,650 ...	\$9,082.50 plus 28%	—\$66,800
\$90,050	—\$185,450 ...	\$19,885.50 plus 31%	—\$90,050	\$152,650	—\$229,300 ...	\$33,120.50 plus 31%	—\$152,650
\$185,450	—\$400,550 ...	\$49,459.50 plus 36%	—\$185,450	\$229,300	—\$404,600 ...	\$56,882.00 plus 36%	—\$229,300
\$400,550		\$126,895.50 plus 39.6%	—\$400,550	\$404,600		\$119,990.00 plus 39.6%	—\$404,600

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 \$8.50		\$0		Not over \$24.00		\$0	
Over—	But not over—	of excess over—		Over—	But not over—	of excess over—	
\$8.50	—\$147.90 ...	\$0.00 plus 15%	—\$8.50	\$24.00	—\$256.90 ...	\$0.00 plus 15%	—\$24.00
\$147.90	—\$346.30 ...	\$20.91 plus 28%	—\$147.90	\$256.90	—\$587.10 ...	\$34.94 plus 28%	—\$256.90
\$346.30	—\$713.30 ...	\$76.46 plus 31%	—\$346.30	\$587.10	—\$881.90 ...	\$127.40 plus 31%	—\$587.10
\$713.30	—\$1,540.60 ...	\$190.23 plus 36%	—\$713.30	\$881.90	—\$1,556.20 ...	\$218.79 plus 36%	—\$881.90
\$1,540.60		\$488.06 plus 39.6%	—\$1,540.60	\$1,556.20		\$461.54 plus 39.6%	—\$1,556.20