

EXAMPLES OF TAX WITHHOLDING METHODOLOGY

Contract Amount: 9,087.00 (9 pay periods in contract) Bi-weekly Pay: 1,009.67
Employee claiming Single - 1 withholding allowance

NEW METHOD - FEDERAL TAX

Bi-weekly pay	=1,009.67
Multiply by number of pay periods per year	<u> x 26</u>
Annualized salary	26,251.42
Less: exemptions (1)	<u>- 3,050.00</u>
Taxable income	23,201.42

Annual tax rate from IRS Publication 15 (Circular E, Employer's Tax Guide)

Tax on the first 8,550.00	590.00
Plus 15% tax on amount over 8550.00 (14,651.42)	<u>+2,197.71</u>
Total	2,787.71
Divide by number of pay periods/year	<u> ÷26</u>
FEDERAL TAX- NEW METHODOLOGY	107.22

FEDERAL TAX - PRIOR METHODOLOGY **37.63**

INCREASE IN TAX RESULTING FROM NEW METHODOLOGY **69.59**

NEW METHOD - NYS TAX

Contract Amount: 9,087.00 (9 pay periods in contract) Bi-weekly Pay: 1,009.67
Employee claiming Single - 1 withholding allowance

Annualized Salary	26,251.42
Less: standard deduction	<u>- 6,975.00</u>
Less: exemptions (1)	<u>- 1,000.00</u>
Taxable income	18,276.42

Annual tax rate from NYS Publication NYS-50

Tax on first \$13,000.00	560.00
Plus 5.90% on amount over 13,000.00 (5,276.42)	<u>+311.31</u>
Total annual tax	871.31
Divide by number of pay periods/year	<u> ÷26</u>
NYS TAX - NEW METHODOLOGY	33.51

NYS TAX - PRIOR METHODOLOGY **4.94**

INCREASE IN TAX RESULTING FROM NEW METHODOLOGY **28.57**

NEW METHOD - NYC TAX

Contract Amount: 9,087.00 (9 pay periods in contract) Bi-weekly Pay: 1,009.67
 Employee claiming Single - 1 withholding allowance

Annualized Salary	26,251.42
Less: standard deduction	- 5000.00
Less: exemptions (1)	<u>- 1,000.00</u>
Taxable income	20,251.42

Annual tax rate from NYS Publication NYS-50 – SUB (2/02)

Tax on first \$15,000.00	366.00
Plus 3.7% on amount over 15,000.00 (5,251.42)	<u>+194.30</u>
Total annual tax	560.30
Divide by number of pay periods/year	<u>÷26</u>
NYC TAX - NEW METHODOLOGY	21.55

NYC TAX - PRIOR METHODOLOGY **6.52**

INCREASE IN TAX RESULTING FROM NEW METHODOLOGY **15.03**

NEW METHOD – YONKERS RESIDENT

Contract Amount: 9,087.00 (9 pay periods in contract) Bi-weekly Pay: 1,009.67
 Employee claiming Single - 1 withholding allowance

Annualized Salary	26,251.42
Less: standard deduction	- 6,975.00
Less: exemptions (1)	<u>- 1,000.00</u>
Taxable income	18,276.42

Annual tax rate from NYS Publication NYS-50

Tax on first \$13,000.00	560.00
Plus 5.90% on amount over 13,000.00 (5,276.42)	<u>+311.31</u>
Total	871.31
Divide by number of pay periods/year	<u>÷26</u>
Total	33.51

YONKERS RESIDENT TAX - NEW METHODOLOGY
 (33.51 multiplied by .05) **1.68**

YONKERS RESIDENT TAX - PRIOR METHODOLOGY **.25**

INCREASE IN TAX RESULTING FROM NEW METHODOLOGY **1.43**

NEW METHOD – YONKERS NONRESIDENT

Contract Amount: 9,087.00 (9 pay periods in contract) Bi-weekly Pay: 1,009.67

Annualized Salary	26,251.42
Less: annualized pay exclusion	<u>- 1000.00</u>

Taxable income	25,251.42
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Annual tax rate from NYS Publication NYS-50

Tax rate .25% (25251.42 multiplied by .0025)	63.13
Divide by number of pay periods/year	<u>÷26</u>

YONKERS NONRESIDENT TAX - NEW METHODOLOGY	2.43
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YONKERS NONRESIDENT TAX - PRIOR METHODOLOGY	1.14
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INCREASE IN TAX RESULTING FROM NEW METHODOLGY	1.29
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