Withholding tax percentage formula

OREGON
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To figure Oregon withholding amounts, you may use the formulas shown below. If you use your own formula, it must be approved by the Oregon Department of Revenue before use.

To use the formulas for each payroll period, you must figure a 'base wage' (BASE) amount. The base wage is the employee's wage minus the federal tax withheld minus standard deduction. The federal tax deduction can't be more than $5,500 per year in 2007. That's because Oregon personal income tax law limits the amount of federal income tax that is subtracted from federal adjusted gross income (AGI). For payroll periods of less than a year, the limit on federal tax withheld changes to reflect the shorter payroll period.

For example: The monthly federal withholding maximum is $458 ($5,500:12). For a single employee who (1) is earning $3,750 per month and (2) is claiming two allowances, federal withholding is about $470. But only $458 may be subtracted. Standard deduction is prorated in the same fashion. On the monthly basis it is $156 ($1,870:12). So the base wage (BASE) is $3,136 ($3,750 - $458 - $156).

Once you figure the base wage, use the base wage in the formulas below to compute your Oregon withholding (WH).

Example 1: A single employee has an annual wage of $15,000 and claims one allowance. If the federal withholding for this employee is $969 (from the federal tables or formulas), and standard deduction is $1,870, then the base is $12,161 ($15,000 - $969 - $1870). The amount of annual Oregon withholding from the table below would be $730.

WH=$444 + [(BASE–$7,150) × 0.09] – ($165 × Allowances)

You can figure Oregon withholding for this employee as follows:

1. Wage $15,000
2. Less federal withholding ....–$969
3. Less standard deduction ....–$1,870
4. BASE $12,161
5. Amount of BASE over $7,150 .... $5,011
6. Tax on first $7,150 of BASE $444
7. Tax on excess (0.09 × $4,810) $451
8. Total tax from rates (lines 6 + 7).....................$895
9. Less personal exemption credit ($165 × 1)....–$165
10. Net tax to be withheld...................................$730

Example 2: A married employee earns $3,300 per month and claims two allowances. The employee's monthly federal withholding is $246 and monthly standard deduction is $312. The base wage is $2,742 ($3,300 - $246 - $312). The amount of Oregon monthly withholding is $186.

WH = $74 + [(BASE – $1,192) × 0.09] – ($14 × Allowances)

WH = $74 + [($2,742 - $1,192) × 0.09] - ($14 × 2) = $186

Formulas for the various types of payroll periods—annual, monthly, twice a month, every two weeks, weekly, and daily—are listed on the other side of this publication.

Taxpayer assistance

General tax information ....www.oregon.gov/DOR
    Salem 503-378-4988
    Toll-free from an Oregon prefix........ 1-800-356-4222

Asistencia en español:
    Salem 503-378-4988
    Gratis de prefijo de Oregon............. 1-800-356-4222

TTY (hearing or speech impaired; machine only):
    Salem 503-945-8617
    Toll-free from an Oregon prefix...... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

Use the Formula that Matches Your Payroll Period:

Annual formula: BASE = wages – federal tax withheld (not to exceed $5,500) – standard deduction ($1,870[S]/$3,740[M])

Single with less than 3 allowances (A)   **Married, or single with 3 or more allowances (A)**

If BASE is:			If BASE is:		
Over	But Not Over		Over	But Not Over	
0 →	2,850	WH = BASE × 0.05 – (165 × allowances)	0 →	5,700	WH = BASE × 0.05 – (165 × A)
2,850 →	7,150	WH = 143 + [(BASE – 2,850) × 0.07] – (165 × A)	5,700 →	14,300	WH = 285 + [(BASE – 5,700) × 0.07] – (165 × A)
7,150 →		WH = 444 + [(BASE – 7,150) × 0.09] – (165 × A)	14,300 →		WH = 887 + [(BASE – 14,300) × 0.09] – (165 × A)

Monthly formula: BASE = wages – federal tax withheld (not to exceed $458) – standard deduction ($156[S]/$312[M])

Single with less than 3 allowances (A)   **Married, or single with 3 or more allowances (A)**

If BASE is:			If BASE is:		
Over	But Not Over		Over	But Not Over	
0 →	238	WH = BASE × 0.05 – (14 × A)	0 →	475	WH = BASE × 0.05 – (14 × A)
238 →	596	WH = 12 + [(BASE – 238) × 0.07] – (14 × A)	475 →	1,192	WH = 24 + [(BASE – 475) × 0.07] – (14 × A)
596 →		WH = 37 + [(BASE – 596) × 0.09] – (14 × A)	1,192 →		WH = 74 + [(BASE – 1,192) × 0.09] – (14 × A)

Twice-a-month formula: BASE = wages – federal tax withheld (not to exceed $229) – standard deduction ($78[S]/$156[M])

Single with less than 3 allowances (A)   **Married, or single with 3 or more allowances (A)**

If BASE is:			If BASE is:		
Over	But Not Over		Over	But Not Over	
0 →	119	WH = BASE × 0.05 – (7 × A)	0 →	238	WH = BASE × 0.05 – (7 × A)
119 →	298	WH = 6 + [(BASE – 119) × 0.07] – (7 × A)	238 →	596	WH = 12 + [(BASE – 238) × 0.07] – (7 × A)
298 →		WH = 18 + [(BASE – 298) × 0.09] – (7 × A)	596 →		WH = 37 + [(BASE – 596) × 0.09] – (7 × A)

Every two–week formula: BASE = wages – federal tax withheld (not to exceed $212) – standard deduction ($72[S]/$144[M])

Single with less than 3 allowances (A)   **Married, or single with 3 or more allowances (A)**

If BASE is:			If BASE is:		
Over	But Not Over		Over	But Not Over	
0 →	110	WH = BASE × 0.05 – (6 × A)	0 →	219	WH = BASE × 0.05 – (6 × A)
110 →	275	WH = 5 + [(BASE – 110) × 0.07] – (6 × A)	219 →	550	WH = 11 + [(BASE – 219) × 0.07] – (6 × A)
275 →		WH = 17 + [(BASE – 275) × 0.09] – (6 × A)	550 →		WH = 34 + [(BASE – 550) × 0.09] – (6 × A)

Weekly formula: BASE = wages – federal tax withheld (not to exceed $106) – standard deduction ($36[S]/$72[M])

Single with less than 3 allowances (A)   **Married, or single with 3 or more allowances (A)**

If BASE is:			If BASE is:		
Over	But Not Over		Over	But Not Over	
0 →	55	WH = BASE × 0.05 – (3 × A)	0 →	110	WH = BASE × 0.05 – (3 × A)
55 →	138	WH = 3 + [(BASE – 55) × 0.07] – (3 × A)	110 →	275	WH = 5 + [(BASE – 110) × 0.07] – (3 × A)
138 →		WH = 9 + [(BASE – 138) × 0.09] – (3 × A)	275 →		WH = 17 + [(BASE – 275) × 0.09] – (3 × A)

Daily formula: BASE = wages – federal tax withheld (not to exceed $21) – standard deduction ($7[S]/$14[M])

Single with less than 3 allowances (A)   **Married, or single with 3 or more allowances (A)**

If BASE is:			If BASE is:		
Over	But Not Over		Over	But Not Over	
0 →	11	WH = BASE × 0.05 – (1 × A)	0 →	22	WH = BASE × 0.05 – (1 × A)
11 →	28	WH = 1 + [(BASE – 11) × 0.07] – (1 × A)	22 →	55	WH = 1 + [(BASE – 22) × 0.07] – (1 × A)
28 →		WH = 2 + [(BASE – 28) × 0.09] – (1 × A)	55 →		WH = 3 + [(BASE – 55) × 0.09] – (1 × A)