

2012 MISSOURI WITHHOLDING TAX FORMULA

STEP 1—USING ANNUAL AMOUNTS

(Refer to Federal Publication 15 for questions concerning gross taxable income or federal withholding tax.)

1. GROSS INCOME — Determine the employee's total wages for the payroll period. Multiply this amount by the number of payroll periods you have in a year. The result is the employee's annual wage. (Multiply by: 260 if you pay daily, 52 if you pay weekly, 26 if you pay bi-weekly, 24 if you pay semi-monthly, or 12 if you pay monthly.)

Note: If the employee has supplemental or overtime pay, see the withholding procedures outlined below.

2. STANDARD DEDUCTION — Annual amount is: \$5,950 if employee is single, \$5,950 if employee is married and spouse works, \$11,900 if employee is married and spouse does not work (this is determined by the check box on Form MO W-4, Line 2, and is not a separate filing status), \$8,700 if employee's filing status is Head of Household.

3. MO W-4 ALLOWANCES — Annual amount is: \$2,100 for the first allowance and \$1,200 for each additional allowance if employee is **single or married and spouse works**, \$2,100 for the first allowance, \$2,100 for the second allowance (for the non-working spouse) and \$1,200 for each additional allowance if the employee is **married and spouse does not work**; \$3,500 for the first allowance and \$1,200 for each additional allowance thereafter if the employee's filing status is **Head of Household**.

4. FEDERAL WITHHOLDING — Determine the amount of the employee's total federal income tax withheld for the payroll period. Multiply this amount by the number of payroll periods you have in a year. The result is the employee's annual federal income tax withheld. **An individual's federal income tax deduction is limited to \$5,000 (\$10,000 if a combined return).** These limitations should be applied on an aggregate basis. (Multiply by: 260 if you pay daily, 52 if you pay weekly, 26 if you pay bi-weekly, 24 if you pay semi-monthly, or 12 if you pay monthly.)

Note: The maximum federal income tax deduction for a married filer, spouse not working, is \$10,000. If the spouse is working, the maximum limit should be calculated using \$5,000.

Determine if the spouse is working by the check boxes on Form MO W-4, Line 2.

5. MISSOURI TAXABLE INCOME — Subtract the total annual amounts of numbers 2, 3, and 4 from the total annual gross income of number 1. The result is the employee's Missouri taxable income.

STEP 2

1. MISSOURI WITHHOLDING TAX — Multiply the employee's Missouri taxable income by the applicable annual payroll period rate. Begin at the lowest rate and accumulate the total withholding amount for each rate. The result is the employee's annual Missouri withholding tax.

2. MISSOURI WITHHOLDING TAX PER PAYROLL PERIOD — Divide the employee's annual Missouri withholding amount by: 260 if you pay daily, 52 if you pay weekly, 26 if you pay bi-weekly, 24 if you pay semi-monthly, 12 if you pay monthly. The result is the employee's Missouri withholding tax per pay period.

ROUNDING ON MISSOURI WITHHOLDING REPORTS. You must round the amounts that you withhold from your employees to the nearest whole dollar.

Visit

<http://www.dort.mo.gov/tax/calculators/withhold/>
to access

our online withholding tax calculator.

Supplemental Pay Withholding

If the employee has supplemental or overtime pay, and the payment is included with normal wages, apply the withholding formula to the total payment as if it was a regular payroll wage payment.

If the employee has supplemental or overtime pay and the overtime wages are paid separately from regular wages, you may withhold based upon one of the following two methods.

- Withhold a flat percentage rate of 6 percent of the supplemental wages; or
- Add the supplemental wages to the regular wages paid for the payroll period and apply the withholding formula to the total amount as if it was a regular payroll wage payment. Then subtract the tax already withheld from the regular wage payment and withhold the remaining tax from the supplemental payment.

INCOME TAX WITHHOLDING PERCENTAGE TAX

Rates	Daily Payroll Period	Weekly Payroll Period	Bi-Weekly Payroll Period
1.5%	\$ 0.00 to \$ 4.00	\$ 0.00 to \$ 20.00	\$ 0.00 to \$ 38.50
2.0%	4.01 to 8.00	20.01 to 40.00	38.51 to 77.00
2.5%	8.01 to 12.00	40.01 to 60.00	77.01 to 115.50
3.0%	12.01 to 16.00	60.01 to 80.00	115.51 to 154.00
3.5%	16.01 to 20.00	80.01 to 100.00	154.01 to 192.50
4.0%	20.01 to 24.00	100.01 to 120.00	192.51 to 231.00
4.5%	24.01 to 28.00	120.01 to 140.00	231.01 to 269.50
5.0%	28.01 to 32.00	140.01 to 160.00	269.51 to 308.00
5.5%	32.01 to 36.00	160.01 to 180.00	308.01 to 346.50
6.0%	36.01 and over	180.01 and over	346.51 and over

Semi-Monthly Payroll Period	Monthly Payroll Period	Annual Payroll Period
\$ 0.00 to \$ 42.00	\$ 0.00 to \$ 84.00	\$ 0.00 to \$1,000.00
42.01 to 84.00	84.01 to 168.00	1,000.01 to 2,000.00
84.01 to 126.00	168.01 to 252.00	2,000.01 to 3,000.00
126.01 to 168.00	252.01 to 336.00	3,000.01 to 4,000.00
168.01 to 210.00	336.01 to 420.00	4,000.01 to 5,000.00
210.01 to 252.00	420.01 to 504.00	5,000.01 to 6,000.00
252.01 to 294.00	504.01 to 588.00	6,000.01 to 7,000.00
294.01 to 336.00	588.01 to 672.00	7,000.01 to 8,000.00
336.01 to 378.00	672.01 to 756.00	8,000.01 to 9,000.00
378.01 and over	756.01 and over	9,000.01 and over

Note: By agreement between the employee and the employer, the employee may designate additional withholding per pay period if he/she expects to owe more than the amount withheld. Additional amount of withholding may be claimed on Line 6, of Form MO W-4 (Employer's Withholding Allowance Certificate).

Missouri Withholding Formula Example

Employee is married claiming two allowances (spouse works)

Annual Gross Income	\$30,000.00	
Annual Standard Deduction	- 5,950.00	(annual standard) (\$11,900 ÷ 2 = \$5,950)
Annual MO W-4 Allowances	- 3,300.00	(\$2,100 for 1st & \$1,200 for 2nd)
Federal Income Tax Withheld	- 2,240.00	
Missouri Taxable Income	\$18,510.00	

Income Tax Withholding Percentage Table (Annual Payroll Period)

$\$1,000.00 \times 1.5\% = \15.00		$\$ 18,510.00$	
$1,000.00 \times 2.0 = 20.00$		$- 9,000.00$	
$1,000.00 \times 2.5 = 25.00$		$\$ 9,510.00$	EXCESS
$1,000.00 \times 3.0 = 30.00$		$\times \quad 6\%$	
$1,000.00 \times 3.5 = 35.00$		$\$ 571.00$	
$1,000.00 \times 4.0 = 40.00$			
$1,000.00 \times 4.5 = 45.00$		$\$ 571.00$	
$1,000.00 \times 5.0 = 50.00$		$+ 315.00$	
$1,000.00 \times 5.5 = 55.00$		$\$ 886.00$	Annual Missouri Withholding
$\$9,000.00$	$\$ 315.00$		

$\$886.00 \div 12 = \$ 74.00$ Monthly Missouri Withholding
(Rounded to the nearest whole dollar.)

Tips

- Make employees aware of their option to change or update their Form W-4.
- If employees have overtime pay, use the appropriate formula for supplemental pay withholding.
- If the employee is married, but spouse does not work, apply the full standard deduction and the total amount of federal tax using the \$10,000 maximum limit.