Withholding Tax Percentage Formula

OREGON DEPARTMENT OF REVENUE

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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 $6,450 per year in 2015. 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, figure the annual withholding then divide by the number of pay periods.

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 $1,440, and standard deduction is $2,145, then the base is $11,415 = ($15,000 – $1,440 – $2,415). The amount of annual Oregon withholding from the table below would be $986.

WH = $715 + [(BASE – $8,400) x 0.09] – (194 x Allowances)
WH = $715 + [($11,415 – $8,400) x 0.09] – 194 x 0 = $986

You can figure Oregon withholding for this employee as follows:

1. Wage	$15,000
2. Less federal withholding	– $1,440
3. Less standard deduction	– $2,145
4. BASE	$11,415
5. Amount of BASE over $7,950	$3,015
6. Tax on first $8,400 of BASE	$715
7. Tax on excess (0.09 × $3,015)	$271
8. Total tax from rates (lines 6 + 7)	$986
9. Less personal exemption credit ($194 × 0)	– $0
10. Net tax to be withheld	$986

Example 2: To figure withholding based on the same information listed in example 1:

- For **monthly**, take the annual "net tax to be withheld" ($986) & divide by 12 = $82.
- For **twice a month**, take the $986 and divide by 24 = $41.
- For **every two weeks**, take the $986 and divide by 26 = $38.
- For **weekly**, take the $986 and divide by 52 = $19.
- For **daily**, take the $986 and divide by 260 = $4.

Example 3: A single employee earns $132,000 a year and claims four allowances on her federal W-4. Because the employee makes more than $125,000 annually, the employee's subtraction for federal withholding is limited. For example, if the employee's federal tax withheld is $9,368 for the year, they may only subtract $3,850 of that amount. Because the single taxpayers adjusted gross income is over $100,000, the personal exemption credits of four are not allowed.

Example 4: A married employee earns $175,000 a year and claims four allowances on his federal W-4 but he requests his employer to withhold at the higher single rate even though he is married. Because his annual income is higher than $145,000 which is the final step in the phase-out for the single withholding rates, his employer would not give any subtraction for federal tax withheld. His employer would also not allow any allowances in the formula because his income is over $100,000 for a single individual.

Have questions? Need help?

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

Asistencia en español:
En Salem o fuera de Oregon ....(503) 378-4988
Gratis de prefijo de Oregon.......... 1 (800) 356-4222

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

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

Use the formula that matches your payroll period

Annual wages up to $50,000

Annual formula: BASE = wages – federal tax withheld (not to exceed $6,450) – standard deduction ($2,145[S] / $4,295[M])

Single with less than 3 allowances (A)

If BASE is:

Over		But not over	
0	>	3,350	WH = 194 + [BASE × 0.05] – (194 × allow.)
3,450	>	8,400	WH = 362 + [(BASE – 3,450) × 0.07] – (194 × allow.)
8,400	>	50,000	WH = 715 + [(BASE – 8,400) × 0.09] – (194 × allow.)

Single with 3 or more allowances (A) or Married

If BASE is:

Over		But not over	
0	>	6,700	WH = 194 + [BASE × 0.05] – (194 × allow.)
6,700	>	16,800	WH = 529 + [(BASE – 6,700) × 0.07] – (194 × allow.)
16,800	>	50,000	WH = 1,236 + [(BASE – 16,800) × 0.09] – (194 × allow.)

Annual wages of $50,000 or higher

Annual formula: BASE = wages – federal tax withheld (not to exceed phase out) – standard deduction ($2,145[S] / $4,295[M])

Single with less than 3 allowances (A)

If BASE is:

Over		But not over	
41,405	>	125,000	WH = 521 + [(BASE – 8,400) × 0.09] – (194 × allow.)
125,000			WH = 11,015 + [(BASE – 125,000) × 0.099] – (194 × allow.)

Single with 3 or more allowances (A) or Married

If BASE is:

Over		But not over	
39,255	>	250,000	WH = 1,042 + [(BASE – 16,800) × 0.09] – (194 × allow.)
250,000			WH = 22,030 + [(BASE – 250,000) × 0.099] – (194 × allow.)

Phase out amounts

Single

Annual

wages	≥	$50,000	and	<	$125,000	=	$6,450
wages	≥	$125,000	and	<	$130,000	=	$5,150
wages	≥	$130,000	and	<	$135,000	=	$3,850
wages	≥	$135,000	and	<	$140,000	=	$2,550
wages	≥	$140,000	and	<	$145,000	=	$1,250
wages	≥	$145,000				=	$0

Married

Annual

wages	≥	$50,000	and	<	$250,000	=	$6,450
wages	≥	$250,000	and	<	$260,000	=	$5,150
wages	≥	$260,000	and	<	$270,000	=	$3,850
wages	≥	$270,000	and	<	$280,000	=	$2,550
wages	≥	$280,000	and	<	$290,000	=	$1,250
wages	≥	$290,000				=	$0