

## How do I update my Tax Tables? (V6-10)

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### Will PowerChurch Software be sending me the new tables to update my program?

It is not necessary for us to send you the new tables, because the tax tables in PowerChurch Plus are **user maintained**. In other words, you can easily and quickly make the changes to the tables yourself. Instructions are below.

### Which tables do I use?

For Federal tax tables, you will need the current [Publication 15, "Circular E, Employer's Tax Guide,"](#) from the IRS. PowerChurch Plus uses the **Percentage Method** for calculating the taxes. The table you should use is **Table 7-Annual Payroll Period** (Figure 1). The numbers used below are for demonstration purposes only, and are likely not correct since this information can change each year, or at different times during the year. Please consult the current Circular E for the most up-to-date information.

TABLE 7—ANNUAL Payroll Period			
(a) SINGLE person (including head of household)—			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$2,650 . . . .		\$0	
Over—	But not over—	of excess over—	
\$2,650	—\$10,120 . . . .	10%	—\$2,650
\$10,120	—\$33,520 . . . .	\$747.00 plus 15%	—\$10,120
\$33,520	—\$77,075 . . . .	\$4,257.00 plus 25%	—\$33,520
\$77,075	—\$162,800 . . . .	\$15,145.75 plus 28%	—\$77,075
\$162,800	—\$351,650 . . . .	\$39,148.75 plus 33%	—\$162,800
\$351,650	. . . . .	\$101,469.25 plus 35%	—\$351,650
(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$8,000 . . . .		\$0	
Over—	But not over—	of excess over—	
\$8,000	—\$23,350 . . . .	10%	—\$8,000
\$23,350	—\$70,700 . . . .	\$1,535.00 plus 15%	—\$23,350
\$70,700	—\$133,800 . . . .	\$8,637.50 plus 25%	—\$70,700
\$133,800	—\$203,150 . . . .	\$24,412.50 plus 28%	—\$133,800
\$203,150	—\$357,000 . . . .	\$43,830.50 plus 33%	—\$203,150
\$357,000	. . . . .	\$94,601.00 plus 35%	—\$357,000

Figure 1

You may ask why you use the "Annual" table. To explain, an example of how taxes are calculated is described below.

### How does PowerChurch Plus calculate taxes?

PowerChurch Plus figures the income tax to withhold on annual wages. The annual wages are figured by multiplying the total income amount on a paycheck by the number of pay periods (Employee's pay period is designated in the Maintain List of Employees screen). PowerChurch Plus then calculates the income tax to withhold by:

1) Subtracting the Exempt/yr amount from the employee's annual wages.

**Exempt/yr:** Entered under the Federal tax deduction item on the **Maintain Employee Pay Items** screen. To determine this amount, multiply 1 withholding allowance by the number of allowances the employee claims on their W-4.

The amount for 1 withholding allowance, in 2007, is \$3,400 (see Pub. 15, page 35, Table 5, Annual payroll period). Note, as tax tables change, this figure usually changes as well.

2) Using the tax table to determine the tax amount.

3) Dividing the tax amount by the pay periods, resulting in the amount to withhold for that paycheck.

Here is an example:

A married person claims 2 withholding allowances on their W-4. She is paid \$1,000 biweekly. Multiply the biweekly wages by 26 weeks to figure the annual wage of \$26,000. Subtract \$6,800 (the Exempt/yr amount of 2 withholding allowances), for a result of \$19,200. Using the table in Figure 1 above, the first \$8000 is taxed at 0% (which equals \$0). The remaining \$11,200 is taxed at 10% which means the tax amount is \$1,120.00. Divide this amount by 26 which equals \$43.08 as the tax amount to withhold.

### **How to update the tables in PowerChurch Plus**

To update PowerChurch Plus with the tax tables shown in Figure 1 above, select **Payroll** from the **Accounting** menu and then select **Maintain Tax Tables**. Locate the FED W/H - MARRIED tax table. For the married table, enter the "But not over" figures and the tax rate percentages for each bracket. When you are done, the screen should look like this:

**Maintain Tax Tables**

Tax table:

☐ There is a cap on this tax

**Note: You only need to enter the annual tax table below. PowerChurch Plus will use this information to calculate the taxes for other pay periods as needed.**

	Over:	But not over:	The amount of income tax to withhold is:		of excess over:	
1.	0	8,000	0.00	plus	0.000 %	0
2.	8,000	23,350	0.00	plus	10.000 %	8,000
3.	23,350	70,700	1,535.00	plus	15.000 %	23,350
4.	70,700	133,800	8,637.50	plus	25.000 %	70,700
5.	133,800	203,150	24,412.50	plus	28.000 %	133,800
6.	203,150	357,000	43,830.50	plus	33.000 %	203,150
7.	357,000	9,999,999	94,601.00	plus	35.000 %	357,000
8.	0		0.00	plus	%	0
9.	0		0.00	plus	%	0
10.	0		0.00	plus	%	0

☒ Round tax to nearest whole dollar

Figure 2

If you would like to round the tax amount to withhold, check the option "Round tax to nearest whole dollar."

**But wait! Where do I enter the dollar amount shown in the table (Figure 1) that is added to the percentage?**

It is not necessary to enter this figure because the system will automatically figure it during the tax calculation. This figure in each bracket is the total amount of tax from the previous bracket. For example, looking at the third bracket in Figure 1 above, it shows the amount of \$1,535. The previous bracket reads "if the amount of wages is over \$8,000, but not over \$23,350, the amount of income tax to withhold is 10% of excess over \$8,000." In other words, take \$23,350 and subtract \$8,000 which equals \$15,350. Multiply by 10% for a result of \$1,535.

Follow the instructions just described for the Single Federal withholding table. It should then look like this:

**Maintain Tax Tables**

Tax table:

☐ There is a cap on this tax

**Note: You only need to enter the annual tax table below. PowerChurch Plus will use this information to calculate the taxes for other pay periods as needed.**

	Over:	But not over:	The amount of income tax to withhold is:			of excess over:
1.	0	2,650	0.00	plus	0.000 %	0
2.	2,650	10,120	0.00	plus	10.000 %	2,650
3.	10,120	33,520	747.00	plus	15.000 %	10,120
4.	33,520	77,075	4,257.00	plus	25.000 %	33,520
5.	77,075	162,800	15,145.75	plus	28.000 %	77,075
6.	162,800	351,650	39,148.75	plus	33.000 %	162,800
7.	351,650	9,999,999	101,469.25	plus	35.000 %	351,650
8.	0		0.00	plus	%	0
9.	0		0.00	plus	%	0
10.	0		0.00	plus	%	0

☒ Round tax to nearest whole dollar

Figure 3

### Tax Tables for Social Security, Medicare, and State

PowerChurch Plus comes with sample tables already entered for you, including one for Social Security and one for Medicare. The percentage rates for these tables have not changed in recent years. However, the Cap amount for Social Security usually changes every year. If necessary, follow the procedure above to make any changes to these tables.

If you withhold State or Local taxes, your state (local) tax withholding booklet should have a similar annual percentage method of withholding. If needed, contact your state's Department of Revenue for information.

### Where do I enter information from form W4 for 2020 and beyond?

Versions 11.55 and 12.2 of PowerChurch Plus were updated with additional fields to allow the use of the redesigned form W4 for 2020. Unfortunately, Versions 11.1 and prior were no longer under maintenance as of that time and will not be updated.

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