North Dakota
2014 Income Tax Withholding

Ryan Rauschenberger, Tax Commissioner

Rates & Instructions
For Wages Paid In 2014

Withholding Methods and Rates

Dear Employer,

This booklet provides the information you will need to withhold North Dakota income tax from your employees' wages for the 2014 calendar year.

You have the choice of two withholding methods. Of the two methods, *Method 1: Percentage of Wages* is generally recommended for use by all employers, particularly those with a computerized payroll system. It resembles the Percentage Method used for federal income tax withholding purposes.

Method Two: Withholding Tables is generally useful for employers having both a manual payroll system and a small number of employees. It resembles the Wage Bracket Method used for federal income tax withholding purposes. The tables are not included in this booklet but are easily accessed on our web site at www.nd.gov/tax, or by contacting our office.

Providing you with exceptional service is important to the Office of State Tax Commissioner. Your feedback helps us identify ways to make filing and paying taxes in North Dakota as easy as possible. I encourage you to contact our office with your questions or suggestions. See page 1 for how to contact us.

Sincerely,

Ryan Rauschenberger

Ryan Rauschenberger
Tax Commissioner

ndTax

Visit our web site for forms and information about North Dakota's taxes.

www.nd.gov/tax

Introduction

This booklet contains the information employers need to determine how much North Dakota income tax to withhold from employees' wages paid during the 2014 calendar year.

An employer may choose one of the following two withhholding methods:

Method One: Percentage of Wages— This method is generally recommended for use by all employers, particularly those with a computerized payroll system. See page 2.

Method Two: Withholding Tables— This method is generally useful for employers having both a manual payroll system and a small number of employees with wages below certain thresholds. See page 5.

Note: *A third method, Percentage of Federal Withholding, has been discontinued due to obsolescence and is no longer provided in this booklet. Starting with wages paid in the 2014 calendar year, all employers must choose one of the two methods described in this booklet.*

Other types of withholding. The information in this booklet does not apply to passthrough entities that are required to withhold income tax from the year-end North Dakota distributive share of income of certain nonresident beneficiaries and owners—see the instructions to Form 38 (trusts), Form 58 (partnerships), or Form 60 (S corporations) for more information. The information in this booklet also does not apply to remitters required to withhold income tax from oil and gas royalty payments made to certain nonresident royalty owners. Information for withholding for these payments can be found on our web site at www.nd.gov/tax under the "Spotlight" heading.

Have questions or need assistance?

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Method One: Percentage Of Wages Method

This method is similar to the Percentage Method for federal income tax withholding purposes described in the IRS's *Publication 15 (Circular E), Employer's Tax Guide.* This method is generally recommended for all employers. Under this method, determine the amount to withhold in the following steps:

Step 1 Using the table below, find the amount of one withholding allowance for your payroll period.

Payroll Period	Amount of One Withholding Allowance*
Weekly	$ 76.00
Biweekly	151.90
Semimonthly	164.60
Monthly	329.20
Quarterly	987.50
Semiannually	1,975.00
Annually	3,950.00
Daily or Miscellaneous	15.20

** As of the date this booklet went to print, these were the amounts reported in IRS Publication 15 (Circular E) for the 2013 calendar year. See the federal publication for the most current amounts.*

Step 2 Multiply the amount (from step 1) by the number of withholding allowances the employee claimed on federal *Form W-4, Employee's Withholding Allowance Certificate*.

Step 3 Subtract the result (in step 2) from the employee's gross wages for the payroll period.

Step 4 Find the table on pages 3 and 4 for your payroll period and calculate the amount to withhold on the result (in step 3) using the Single Person or Married Person formula, whichever applies. Round the result to the nearest whole dollar amount.

Example: A single person is paid $600 for a weekly pay period. The employee claimed two withholding allowances on Form W-4. The amount to withhold is calculated as follows:

1.	Wage payment		$ 600.00	
2.	One withholding allowance—Weekly payroll	$ 76		
3.	Number of allowances from Form W-4	2		
4.	Total allowance amount *(Line 2 x Line 3)*		(152.00)	
5.	Net wage for table purposes *(Line 1 - Line 4)*		$ 448.00	
6.	Amount from Table 1, Single Person		$ 4.48	◀ Round to $4.00

Minimum withholdng amount: If the calculated withholding amount is less than $1.00, you do not have to withhold that amount.

Additional Withholding: If an employee asks you to withhold additional North Dakota income tax (over the amount calculated using the table), please accommodate the employee's request, if possible. There is no special form or procedure provided for this purpose.

Supplemental wages: See page 6.

Tables For Percentage Method Of Withholding

For Wages Paid in: 2014

Table 1-Weekly Payroll Period

(a) SINGLE person (including head of household)-

If the amount of wages (after subtracting withholding allowances) is: Over-	But not over-	The amount of income tax to withhold is:				of excess over-
Not over	$81	$0				
$81	$769			1.22%	-	$81
$769	$1,577	$8.39	plus	2.27%	-	$769
$1,577	$3,615	$26.74	plus	2.52%	-	$1,577
$3,615	$7,788	$78.09	plus	2.93%	-	$3,615
$7,788	- -	$200.36	plus	3.22%	-	$7,788

(b) MARRIED person-

If the amount of wages (after subtracting withholding allowances) is: Over-	But not over-	The amount of income tax to withhold is:				of excess over-
Not over	$192	$0				
$192	$1,346			1.22%	-	$192
$1,346	$2,538	$14.08	plus	2.27%	-	$1,346
$2,538	$4,519	$41.14	plus	2.52%	-	$2,538
$4,519	$7,923	$91.06	plus	2.93%	-	$4,519
$7,923	- -	$190.80	plus	3.22%	-	$7,923

Table 2-Biweekly Payroll Period

(a) SINGLE person (including head of household)-

If the amount of wages (after subtracting withholding allowances) is: Over-	But not over-	The amount of income tax to withhold is:				of excess over-
Not over	$162	$0				
$162	$1,538			1.22%	-	$162
$1,538	$3,154	$16.79	plus	2.27%	-	$1,538
$3,154	$7,231	$53.47	plus	2.52%	-	$3,154
$7,231	$15,577	$156.21	plus	2.93%	-	$7,231
$15,577	- -	$400.75	plus	3.22%	-	$15,577

(b) MARRIED person-

If the amount of wages (after subtracting withholding allowances) is: Over-	But not over-	The amount of income tax to withhold is:				of excess over-
Not over	$385	$0				
$385	$2,692			1.22%	-	$385
$2,692	$5,077	$28.15	plus	2.27%	-	$2,692
$5,077	$9,038	$82.28	plus	2.52%	-	$5,077
$9,038	$15,846	$182.10	plus	2.93%	-	$9,038
$15,846	- -	$381.58	plus	3.22%	-	$15,846

Table 3-Semimonthly Payroll Period

(a) SINGLE person (including head of household)-

If the amount of wages (after subtracting withholding allowances) is: Over-	But not over-	The amount of income tax to withhold is:				of excess over-
Not over	$175	$0				
$175	$1,667			1.22%	-	$175
$1,667	$3,417	$18.20	plus	2.27%	-	$1,667
$3,417	$7,833	$57.93	plus	2.52%	-	$3,417
$7,833	$16,875	$169.21	plus	2.93%	-	$7,833
$16,875	- -	$434.14	plus	3.22%	-	$16,875

(b) MARRIED person-

If the amount of wages (after subtracting withholding allowances) is: Over-	But not over-	The amount of income tax to withhold is:				of excess over-
Not over	$417	$0				
$417	$2,917			1.22%	-	$417
$2,917	$5,500	$30.50	plus	2.27%	-	$2,917
$5,500	$9,792	$89.13	plus	2.52%	-	$5,500
$9,792	$17,167	$197.29	plus	2.93%	-	$9,792
$17,167	- -	$413.38	plus	3.22%	-	$17,167

Table 4-Monthly Payroll Period

(a) SINGLE person (including head of household)-

If the amount of wages (after subtracting withholding allowances) is: Over-	But not over-	The amount of income tax to withhold is:				of excess over-
Not over	$350	$0				
$350	$3,333			1.22%	-	$350
$3,333	$6,833	$36.39	plus	2.27%	-	$3,333
$6,833	$15,667	$115.84	plus	2.52%	-	$6,833
$15,667	$33,750	$338.46	plus	2.93%	-	$15,667
$33,750	- -	$868.29	plus	3.22%	-	$33,750

(b) MARRIED person-

If the amount of wages (after subtracting withholding allowances) is: Over-	But not over-	The amount of income tax to withhold is:				of excess over-
Not over	$833	$0				
$833	$5,833			1.22%	-	$833
$5,833	$11,000	$61.00	plus	2.27%	-	$5,833
$11,000	$19,583	$178.29	plus	2.52%	-	$11,000
$19,583	$34,333	$394.58	plus	2.93%	-	$19,583
$34,333	- -	$826.76	plus	3.22%	-	$34,333

Tables For Percentage Method Of Withholding

For Wages Paid in: 2014

Table 5-Quarterly 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	$1,050	$0				
Over-	But not over-					of excess over-
$1,050	$10,000			1.22%	-	$1,050
$10,000	$20,500	$109.19	plus	2.27%	-	$10,000
$20,500	$47,000	$347.54	plus	2.52%	-	$20,500
$47,000	$101,250	$1,015.34	plus	2.93%	-	$47,000
$101,250	- -	$2,604.87	plus	3.22%	-	$101,250

(b) MARRIED person-

If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:				
Not over	$2,500	$0				
Over-	But not over-					of excess over-
$2,500	$17,500			1.22%	-	$2,500
$17,500	$33,000	$183.00	plus	2.27%	-	$17,500
$33,000	$58,750	$534.85	plus	2.52%	-	$33,000
$58,750	$103,000	$1,183.75	plus	2.93%	-	$58,750
$103,000	- -	$2,480.28	plus	3.22%	-	$103,000

Table 6-Semiannual 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	$2,100	$0				
Over-	But not over-					of excess over-
$2,100	$20,000			1.22%	-	$2,100
$20,000	$41,000	$218.38	plus	2.27%	-	$20,000
$41,000	$94,000	$695.08	plus	2.52%	-	$41,000
$94,000	$202,500	$2,030.68	plus	2.93%	-	$94,000
$202,500	- -	$5,209.73	plus	3.22%	-	$202,500

(b) MARRIED person-

If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:				
Not over	$5,000	$0				
Over-	But not over-					of excess over-
$5,000	$35,000			1.22%	-	$5,000
$35,000	$66,000	$366.00	plus	2.27%	-	$35,000
$66,000	$117,500	$1,069.70	plus	2.52%	-	$66,000
$117,500	$206,000	$2,367.50	plus	2.93%	-	$117,500
$206,000	- -	$4,960.55	plus	3.22%	-	$206,000

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	$4,200	$0				
Over-	But not over-					of excess over-
$4,200	$40,000			1.22%	-	$4,200
$40,000	$82,000	$436.76	plus	2.27%	-	$40,000
$82,000	$188,000	$1,390.16	plus	2.52%	-	$82,000
$188,000	$405,000	$4,061.36	plus	2.93%	-	$188,000
$405,000	- -	$10,419.46	plus	3.22%	-	$405,000

(b) MARRIED person-

If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:				
Not over	$10,000	$0				
Over-	But not over-					of excess over-
$10,000	$70,000			1.22%	-	$10,000
$70,000	$132,000	$732.00	plus	2.27%	-	$70,000
$132,000	$235,000	$2,139.40	plus	2.52%	-	$132,000
$235,000	$412,000	$4,735.00	plus	2.93%	-	$235,000
$412,000	- -	$9,921.10	plus	3.22%	-	$412,000

Table 8-Daily or Miscellaneous Payroll Period

(a) SINGLE person (including head of household)-

If the amount of wages (after subtracting witholding allowances) divided by the number of days in the payroll period is:		The amount of income tax to withhold is:				
Not over	$16.20	$0				
Over-	But not over-					of excess over-
$16.20	$153.80			1.22%	-	$16.20
$153.80	$315.40	$1.68	plus	2.27%	-	$153.80
$315.40	$723.10	$5.35	plus	2.52%	-	$315.40
$723.10	$1,557.70	$15.62	plus	2.93%	-	$723.10
$1,557.70	- -	$40.07	plus	3.22%	-	$1,557.70

(a) MARRIED person-

If the amount of wages (after subtracting witholding allowances) divided by the number of days in the payroll period is:		The amount of income tax to withhold is:				
Not over	$38.50	$0				
Over-	But not over-					of excess over-
$38.50	$269.20			1.22%	-	$38.50
$269.20	$507.70	$2.81	plus	2.27%	-	$269.20
$507.70	$903.80	$8.22	plus	2.52%	-	$507.70
$903.80	$1,584.60	$18.20	plus	2.93%	-	$903.80
$1,584.60	- -	$38.15	plus	3.22%	-	$1,584.60

Method Two: Withholding Tables

This method is similar to the Wage Bracket Method for federal income tax withholding purposes described in the IRS's *Publication 15 (Circular E), Employer's Tax Guide.* It is generally recommended for employers having both a manual payroll system and a small number of employees.

Withholding tables. The set of tables prescribed for this method are not provided in this booklet. They are available in a printable format on our web site at www.nd.gov/tax. Click on "Income Tax Withholding" on the left-hand side of our home page, and then click on "Withholding Tables."

Under this method, determine the amount to withhold in the following steps:

Step 1 Find the table for your payroll period and the employee's marital status shown on the employee's Form W-4.

Step 2 On the left side of the table (under "Wages"), find the wage line in which the employee's wage amount for the payroll period falls.

Note: If the employees' wages exceed the last wage line shown in the table, you cannot use this method to calculate the withholding amount; instead, you must use Method One: Percentage of Wages on page 2 of this booklet.

Step 3 At the top of the table (under "Number of Withholding Allowances"), find the number of withholding allowances claimed by the employee on Form W-4.

Note: If the employee is claiming more than 10 withholding allowances, see *"**Over 10 withholding allowances**"* below.

Step 4 The amount to withhold is the amount shown in the table where the wage line and withholding allowance column meet.

Over 10 withholding allowances. If an employee claimed more than 10 withholding allowances on Form W-4, you may still use this method by doing the following:

1. Multiply the number of withholding allowances over 10 by the amount of one withholding allowance for the payroll period from the table on page 2 of this booklet.
2. Subtract the result from the employee's wages for the payroll period.
3. Use the reduced wage amount to find the withholding amount in the column for 10 allowances in the table.

Additional withholding. If an employee asks you to withhold additional North Dakota income tax (over the amount calculated using the table), please accommodate the employee's request, if possible. There is no special form or procedure provided for this purpose.

Supplemental wages: See page 6.

Supplemental Wages

Wages that are treated as supplemental wages for federal income tax withholding purposes, as described in IRS Publication 15 (Circular E), are treated as supplemental wages for North Dakota income tax withholding purposes. They include, but are not limited to, bonuses, commissions, overtime pay, payments for accumulated sick leave, severance pay, awards, prizes, back pay, and taxable fringe benefits. Calculating the amount of North Dakota income tax to withhold from supplemental wages is similar to the method used for federal income tax withholding purposes, which depends on whether the supplemental wages are separately paid or separately identified from regular wages.

Supplemental wages are not separately paid or separately identified from regular wages. If you include supplemental wages with regular wages in a single payment but do not separately identify each amount, calculate the amount to withhold from the payment in the usual manner using one of the regular withholding methods prescribed in this booklet.

Supplemental wages are separately paid or separately identified from regular wages. If you pay supplemental wages separately from a regular wage payment, or you combine the supplemental wages and regular wages into one payment and separately identify each amount, calculate the amount of North Dakota income tax to withhold from the supplemental wages under one of the following options:

Option 1. Multiply the supplemental wages by 2.28% (.0228).

Option 2.
a. If supplemental wages are to be paid at the same time as a regular wage payment, add the supplemental wages to the regular wages. Or, if supplemental wages are to be paid separately from a regular wage payment, add the supplemental wages to the amount of regular wages paid (or to be paid) for the most recent payroll period.
b. Calculate the withholding amount on the combined amount of supplemental and regular wages in the usual manner using one of the regular withholding methods prescribed in this booklet.
c. Subtract the amount of income tax withheld (or to be withheld) from the regular wage payment from the withholding amount calculated on the combined amount.

Example 1. You have an employee who is single and claims one withholding allowance. Her regular salary, paid on the 1st day of each month, is $3,000. Under Method Two: Withholding Tables, you withhold $29 from her July 1 paycheck. On July 15, you pay her a bonus of $1,000. Under Option 1, the amount to withhold from the bonus payment is $22.80 ($1,000 x 2.28%).

Example 2. Assume the same facts in Example 1 except that you choose to use Option 2 to calculate the withholding from the bonus payment. Add the $1,000 bonus payment to the regular monthly salary of $3,000, for a combined amount of $4,000. Under Method Two: Withholding Tables, the withholding amount on the combined amount is $47. From this amount, subtract $29 (the withholding amount on the $3,000 monthly salary). Under Option 2, the amount to withhold from the bonus payment is $18 ($47-$29).