

**Computer Payroll Accounting - For Periods In 2021**

Revised 8/13/20

**A. Information from employee's Withholding Exemption Certificate Form 89-350:**

<b>1. MS = Marital Status</b>	<b>Form 89-350</b>	<b>Code</b>
a. Single	Line 1	S
b. Married - One spouse employed	Line 2(a) or Line 3	M
c. Married - Both spouses employed	Line 2(b)	B
d. Head of Family	Line 3	H
<b>2. EX = Exemption Claimed</b>	<b>Form 89-350, Line 6</b>	

**B. Information needed from employee record:**

1. **PPAY** = Period Pay (gross pay earned within the given time period, for example, daily, weekly, etc.)

2. **PERIOD** = Payroll Frequency

Type	Period
Annually	1
Monthly	12
Semi-monthly	24
Bi-weekly	26
Weekly	52
Daily (Misc.)*	260

\* If frequency is miscellaneous, multiply the number of days worked by the tax from the formula.

**C. Other factors used in computations:**

1. **STDED** = Standard Deduction

Filing Status	Deduction
Married	\$4,600
Head of Family	\$3,400
Single	\$2,300

- 2. **AGP** = Annualized Gross Pay
- 3. **TI** = Taxable Income
- 4. **TAX** = Annualized Income Tax
- 5. **PWT** = Pay Period Withholding Tax

**D. The calculation is as follows:**

1. Determine STDED using MS and applying set factors based on Form 89-350 data
2. Compute AGP as Period multiplied by PPAY (earnings within period of time)
3. Determine TI by subtracting the sum of total exemptions plus the appropriate standard deduction from AGP
4. Determined Annualized Tax As:
  - a. If TI is less than \$0.01, no tax is due
  - b. If TI is greater than \$10,000, then TAX is 5% of TI in excess of \$10,000 plus \$230 (which is 0% of the first \$4,000 or \$0, 3% of the next \$1,000 or \$30 plus 4% of the second \$5,000 or \$200)
  - c. If TI is greater than \$5,000 and less than or equal to \$10,000, then TAX is 4% of TI in excess of \$5,000 plus \$30 (which is 0% on the first \$4,000 and 3% of the next \$1,000)
  - d. If TI is greater than \$4,000 and less than or equal to \$5,000, then TAX is 3% of TI in excess of \$4,000 (which is 0% on the first \$4,000 and 3% on the next \$1,000)
  - e. If TI is less than \$4,000, then tax is \$0
5. Divide the computed annualized tax by the frequency to arrive at the amount of tax due for this period (unless the computed tax is zero or the employee falls in the miscellaneous category)

**For any questions, you may contact the Department at the following:**

**Mississippi Department of Revenue**  
 Attn: Withholding Tax  
 PO Box 1033  
 Jackson, MS 39215  
 Phone: (601) 923-7700

