

# IRS -FEDERAL INCOME TAX WITHHOLDING INFORMATION FOR YEAR - 2021

## For Setup and Processing in Deneb's (2000) Payroll Module

---

Information contained in this document is based on the IRS latest release date of Nov. 25, 2020. It is indicated as a 'Draft' Release. If this information is updated/changed at a later date, we will provide you with the new information.

IMPORTANT REGARDING THE 2019 YEAR-END SETUP (FOR 2020 IRS FIT WITHHELD):

Last year a major change in the Federal Withholding Tax Tables and the W-4 Form was released close to the year end of December 31, 2019, for the Withholding in 2020. Our original Updated Tax Table Release included the new Type 2 - Step 2 Tax Tables. Due to programming changes required in order to process the 2020 payrolls, we provided the information to process the 2020 taxes correctly without using these Step 2 Tables. [Some Customers may still have these 3 Tables already set up in the Payroll Utilities. If so, just update the new table data for this year].

### SETTING UP THE 2021 FEDERAL TAX TABLES IN DENEb 2000 [INCLUDED IN THIS UPDATE

There are now 3 Types of Federal Tax Tables in effect for the new year 2021:

**Type 1 : Standard Tax Tables:** [Also requires a manual entry for the 'Child Credits' found on the Year 2020 or 2021 W-4 Form that the Employee has on file). Entry to be made in the Employee's Master File on Line 32 - See \*\*\* Note on Page 2 of this document.].

For Employees with only one source of income (job) [ who have a signed W-4 Form on File for the year of 2020 or 2021 AND have not checked the Step 2 Box ]:

This Table Uses: Child Credits ( No Allowances ) and a Standard Deduction - The Child Credits have to be taken from the extra Table included in your Update Documents and the Standard Deduction is included now in the Tables).

S - Single or Married Filing Separately  
M - Married Filing Jointly  
H - Head of Household

**Type 1a: : Standard Alternate Tax Tables:**

For all Employees [ who have a signed W-4 Form on File for the years prior to and including 2019 ]:

Uses: W/H Allowances of 4,300.00 & no Standard Deduction ( it is incl. in the Tables).

A - Single  
B - Married  
C - Head of Household

**Type 2: Step 2 Tax Tables:** (Note: You may already have this set of Tax Tables set up in your system from last year).

For all Employees [ who have a signed W-4 Form on File for the year of 2020 or 2021 and Have checked the Box for Step 2 on the Form.

Employee with multiple sources of income (example: spouse has an income source, or the Employee has an additional source of income). This Table is only used if the W-4 Step 2 section is checked. It has a higher rate of taxation and no Child Credits are calculated. Its use also has to be 'determined' by using the worksheet provided with the W-4 Form for 2021. It may also lower the amount of FIT tax withheld from the Spouse's W-2 or the 2<sup>nd</sup> W-2 for the Employee.

X - Single or Married Filing Separately  
Y - Married Filing Jointly  
Z - Head of Household

IMPORTANT INFORMATION ON THE NEXT PAGE RELATED TO THIS TABLE TYPE.

# IRS -FEDERAL INCOME TAX WITHHOLDING INFORMATION FOR YEAR - 2021

## For Setup and Processing in Deneb's (2000) Payroll Module

---

\* The IRS allows you to setup this 'type' of Employee to use the Standard Tax Table (Type 1) with a 'positive' entry added to the Employee's Master File Record in the field 32 "SPL FIT AMT". This amount will be added to the Employees actual FIT Withheld from each pay check. To determine this amount the Employee should determine how much to increase the tax for the whole year and divide this amount by the number of pay periods in the year. (Ex: weekly pay - divide it by 52 for this entry). This usage does not require a Child Care Credit entry on the Master File.

**\*\*\* Note: IRS Child Credit - used with Table Type 1 - Standard Tax Table:**

In addition to the three sets of IRS Tax Tables for the three Tax Types given on the previous page, you will need the new 'Deneb Child Credit Tax Table' to use in connection with the Employee's W-4, if it is dated for the year 2020 or 2021, to determine an entry to be manually made for the year 2021 Payroll Setup in each Employee's Master File Record; along with the IRS Tax Tables proper Federal Tax Table Code to be used for calculating the first check in January 2021. You will also need to download or print the instructions for the correct setup of this Child Credit, that will be included in the Update Shipment that you receive.