

Percentage method of withholding for 3.05 PERCENT LOCAL INCOME TAX

| Payroll period | Amount of one exemption | 15% allowance for Standard Deduction* | |
|----------------|-------------------------|---------------------------------------|-------------|
| | | MIN | MAX |
| Weekly | \$ 61.54 | \$ 32.69 | \$ 49.09 |
| Bi-weekly | \$ 123.08 | \$ 65.38 | \$ 98.08 |
| Semi-monthly | \$ 133.33 | \$ 70.84 | \$ 106.25 |
| Monthly | \$ 266.67 | \$ 141.67 | \$ 212.50 |
| Quarterly | \$ 800.00 | \$ 425.00 | \$ 637.50 |
| Annually | \$ 3,200.00 | \$ 1,700.00 | \$ 2,550.00 |
| Daily | \$ 8.77 | \$ 4.66 | \$ 6.99 |

* The standard Deduction is 15% of the gross income with a minimum of \$1,700 and a maximum of \$2,550.

FORMULA

Total wages (before any deductions)

LESS Allowance for Standard Deduction (15% of wages for payroll period with a minimum and maximum as set forth for the particular payroll period)

LESS Value of exemptions (number of exemptions times the allowable amount for one exemption as shown for the applicable payroll period)

Equals TAXABLE INCOME

Note: The number of exemptions to be used in this formula is determined from the Form MW507 (Maryland Employee Exemption Certificate) filed by your employee. Form MW507 is available on our Web site at www.marylandtaxes.gov.

(a) Married Filing Joint or Head of Household

Withholding - Weekly payroll period DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$96.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 2,885 | | 7.80% | |
| \$ 2,885 | \$ 3,365 | 225.00 plus 8.05% | | \$ 2,885 |
| \$ 3,365 | \$ 4,327 | 263.70 plus 8.30% | | \$ 3,365 |
| \$ 4,327 | \$ 5,769 | 343.51 plus 8.55% | | \$ 4,327 |
| \$ 5,769 | -- | 466.83 plus 8.80% | | \$ 5,769 |

Withholding - Bi-Weekly payroll period DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$192.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 5,769 | | 7.80% | |
| \$ 5,769 | \$ 6,731 | 450.00 plus 8.05% | | \$ 5,769 |
| \$ 6,731 | \$ 8,654 | 527.40 plus 8.30% | | \$ 6,731 |
| \$ 8,654 | \$ 11,538 | 687.02 plus 8.55% | | \$ 8,654 |
| \$ 11,538 | -- | 933.65 plus 8.80% | | \$ 11,538 |

Withholding - Semi-Monthly payroll period DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$208.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 6,250 | | 7.80% | |
| \$ 6,250 | \$ 7,292 | 487.50 plus 8.05% | | \$ 6,250 |
| \$ 7,292 | \$ 9,375 | 571.35 plus 8.30% | | \$ 7,292 |
| \$ 9,375 | \$ 12,500 | 744.27 plus 8.55% | | \$ 9,375 |
| \$ 12,500 | -- | 1,011.46 plus 8.80% | | \$ 12,500 |

Withholding - Monthly payroll period DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$417.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 12,500 | | 7.80% | |
| \$ 12,500 | \$ 14,583 | 975.00 plus 8.05% | | \$ 12,500 |
| \$ 14,583 | \$ 18,750 | 1,142.71 plus 8.30% | | \$ 14,583 |
| \$ 18,750 | \$ 25,000 | 1,488.54 plus 8.55% | | \$ 18,750 |
| \$ 25,000 | -- | 2,022.92 plus 8.80% | | \$ 25,000 |

(b) Single including Married Filing Separately or Dependent

Withholding - Weekly payroll period DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$96.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 1,923 | | 7.80% | |
| \$ 1,923 | \$ 2,404 | 150.00 plus 8.05% | | \$ 1,923 |
| \$ 2,404 | \$ 2,885 | 188.70 plus 8.30% | | \$ 2,404 |
| \$ 2,885 | \$ 4,808 | 228.61 plus 8.55% | | \$ 2,885 |
| \$ 4,808 | -- | 393.03 plus 8.80% | | \$ 4,808 |

Withholding - Bi-Weekly payroll period DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$192.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 3,846 | | 7.80% | |
| \$ 3,846 | \$ 4,808 | 300.00 plus 8.05% | | \$ 3,846 |
| \$ 4,808 | \$ 5,769 | 377.40 plus 8.30% | | \$ 4,808 |
| \$ 5,769 | \$ 9,615 | 457.21 plus 8.55% | | \$ 5,769 |
| \$ 9,615 | -- | 786.06 plus 8.80% | | \$ 9,615 |

Withholding - Semi-Monthly payroll period DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$208.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 4,167 | | 7.80% | |
| \$ 4,167 | \$ 5,208 | 325.00 plus 8.05% | | \$ 4,167 |
| \$ 5,208 | \$ 6,250 | 408.85 plus 8.30% | | \$ 5,208 |
| \$ 6,250 | \$ 10,417 | 495.31 plus 8.55% | | \$ 6,250 |
| \$ 10,417 | -- | 851.56 plus 8.80% | | \$ 10,417 |

Withholding - Monthly payroll period DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$417.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 8,333 | | 7.80% | |
| \$ 8,333 | \$ 10,417 | 650.00 plus 8.05% | | \$ 8,333 |
| \$ 10,417 | \$ 12,500 | 817.71 plus 8.30% | | \$ 10,417 |
| \$ 12,500 | \$ 20,833 | 990.63 plus 8.55% | | \$ 12,500 |
| \$ 20,833 | -- | 1,703.13 plus 8.80% | | \$ 20,833 |

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| Weekly | \$ 61.54 | \$ 32.69 | \$ 49.09 |
| Bi-weekly | \$ 123.08 | \$ 65.38 | \$ 98.08 |
| Semi-monthly | \$ 133.33 | \$ 70.84 | \$ 106.25 |
| Monthly | \$ 266.67 | \$ 141.67 | \$ 212.50 |
| Quarterly | \$ 800.00 | \$ 425.00 | \$ 637.50 |
| Annually | \$ 3,200.00 | \$ 1,700.00 | \$ 2,550.00 |
| Daily | \$ 8.77 | \$ 4.66 | \$ 6.99 |

* The standard Deduction is 15% of the gross income with a minimum of \$1,700 and a maximum of \$2,550.

FORMULA

Total wages (before any deductions)

LESS Allowance for Standard Deduction (15% of wages for payroll period with a minimum and maximum as set forth for the particular payroll period)

LESS Value of exemptions (number of exemptions times the allowable amount for one exemption as shown for the applicable payroll period)

Equals TAXABLE INCOME

Note: The number of exemptions to be used in this formula is determined from the Form MW507 (Maryland Employee Exemption Certificate) filed by your employee. Form MW507 is available on our Web site at www.marylandtaxes.gov.

(a) Married Filing Joint or Head of Household

Withholding - Quarterly payroll period

DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$1,250.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 37,500 | | 7.80% | |
| \$ 37,500 | \$ 43,750 | 2,925.00 plus | 8.05% | \$ 37,500 |
| \$ 43,750 | \$ 56,250 | 3,428.13 plus | 8.30% | \$ 43,750 |
| \$ 56,250 | \$ 75,000 | 4,465.63 plus | 8.55% | \$ 56,250 |
| \$ 75,000 | -- | 6,068.75 plus | 8.80% | \$ 75,000 |

Withholding - Daily payroll period

DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$13.70

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 412 | | 7.80% | |
| \$ 412 | \$ 481 | 32.14 plus | 8.05% | \$ 412 |
| \$ 481 | \$ 618 | 37.67 plus | 8.30% | \$ 481 |
| \$ 618 | \$ 824 | 49.07 plus | 8.55% | \$ 618 |
| \$ 824 | -- | 66.69 plus | 8.80% | \$ 824 |

Withholding - Annual payroll period

DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$5,000.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 150,000 | | 7.80% | |
| \$ 150,000 | \$ 175,000 | 11,700.00 plus | 8.05% | \$ 150,000 |
| \$ 175,000 | \$ 225,000 | 13,712.50 plus | 8.30% | \$ 175,000 |
| \$ 225,000 | \$ 300,000 | 17,862.50 plus | 8.55% | \$ 225,000 |
| \$ 300,000 | -- | 24,275.00 plus | 8.80% | \$ 300,000 |

(b) Single including Married Filing Separately or Dependent

Withholding - Quarterly payroll period

DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$1,250.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 25,000 | | 7.80% | |
| \$ 25,000 | \$ 31,250 | 1,950.00 plus | 8.05% | \$ 25,000 |
| \$ 31,250 | \$ 37,500 | 2,453.13 plus | 8.30% | \$ 31,250 |
| \$ 37,500 | \$ 62,500 | 2,971.88 plus | 8.55% | \$ 37,500 |
| \$ 62,500 | -- | 5,109.38 plus | 8.80% | \$ 62,500 |

Withholding - Daily payroll period

DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$13.70

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 275 | | 7.80% | |
| \$ 275 | \$ 343 | 21.43 plus | 8.05% | \$ 275 |
| \$ 343 | \$ 412 | 26.96 plus | 8.30% | \$ 343 |
| \$ 412 | \$ 687 | 32.66 plus | 8.55% | \$ 412 |
| \$ 687 | -- | 56.15 plus | 8.80% | \$ 687 |

Withholding - Annual payroll period

DO NOT WITHHOLD ON GROSS WAGES LESS THAN \$5,000.00

| IF THE taxable income is | | The amount to be withheld shall be | | of excess over |
|--------------------------|--------------|------------------------------------|-------|----------------|
| Over | But not over | | | |
| \$ 0 | \$ 100,000 | | 7.80% | |
| \$ 100,000 | \$ 125,000 | 7,800.00 plus | 8.05% | \$ 100,000 |
| \$ 125,000 | \$ 150,000 | 9,812.50 plus | 8.30% | \$ 125,000 |
| \$ 150,000 | \$ 250,000 | 11,887.50 plus | 8.55% | \$ 150,000 |
| \$ 250,000 | -- | 20,437.50 plus | 8.80% | \$ 250,000 |

Lump Sum Distribution of Annual Bonus The amount to be withheld shall be

8.80%