



## Employee Wage Withholding Worksheet Quick Guide

### Introduction

The Wage Withholding Worksheet is made available to all employers free of charge to assist them in calculating the wage withholding tax for each employee. Every effort has been made to ensure that the calculations on this worksheet are accurate. But ultimately, the employer is responsible for ensuring that the wage withholding calculation is correct.

We publish a guide called “Employer’s guide to the Wage Withholding Tax”, which gives details on how to complete the monthly Wage Withholding Tax declaration and the year-end Income Tax Deduction Schedule. For more information, see our Web site: [www.iraqtax.org](http://www.iraqtax.org) to visualize guides, forms, Instructions concerning income tax by direct deduction method and the Income Tax Law.

### System Setup

Before opening the Excel worksheet, ensure that the Macro Security is set to Medium. To check and change the macro security setting, select “Tools”, then “Macro”, then “Security ...”.

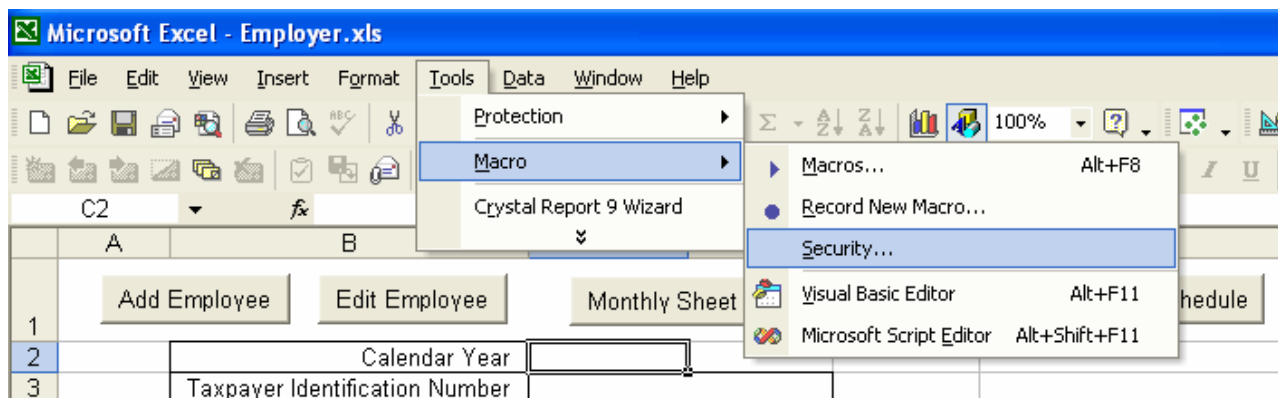
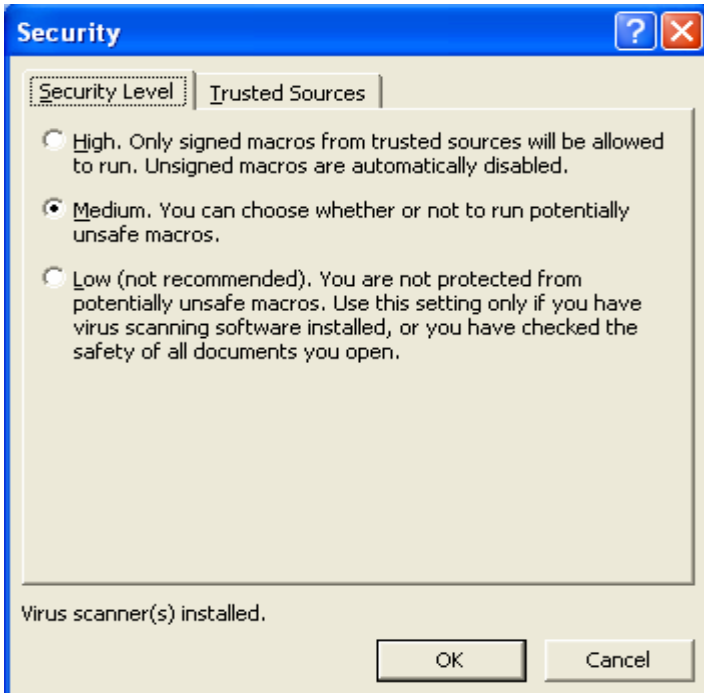


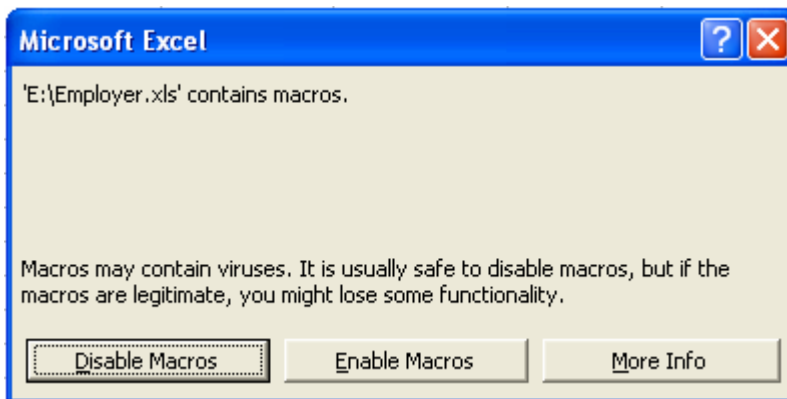
Figure 1- Macro Security Menu

After selecting the option, the Macro Security screen will be displayed. Make sure the radio button “Medium” is selected as shown below. Press the “OK” button to confirm the selection.



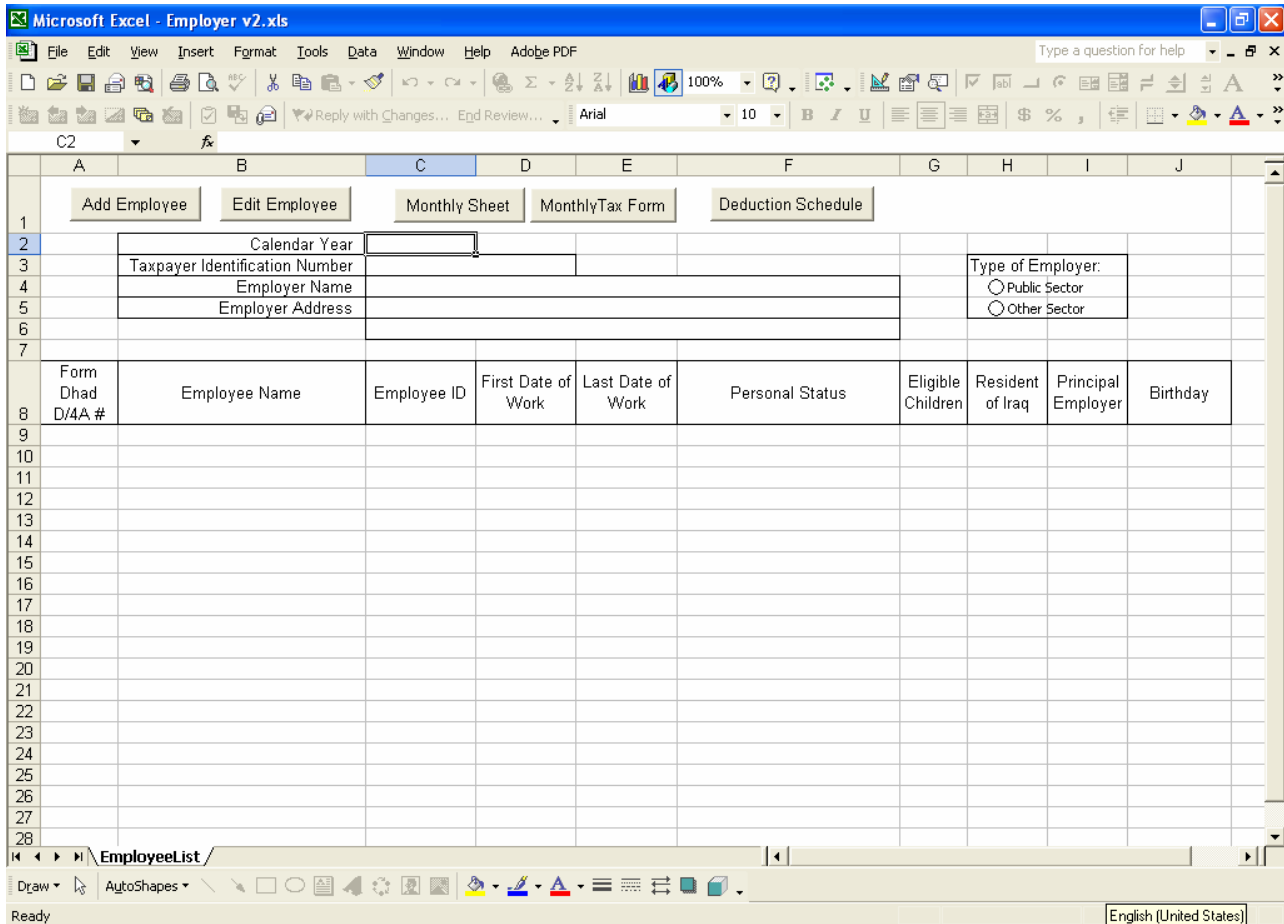
**Figure 2 - Macro Security Options**

Once the macro security is setup, the Excel worksheet can be opened. Every time the worksheet is opened, the following screen will be displayed.



**Figure 3 - Worksheet Startup Prompt**

You must click on the "Enable Macros" for the worksheet to work properly. After enabling the macros, the following screen will be displayed.



**Figure 4 - Employee List Sheet**

## Initial Setup

Employer information on the top of the sheet must be entered first.

Calendar Year – 4 digit year indicating the year of the payroll, e.g. 2005

Taxpayer Identification Number – 9 digit number issued by the General Commission for Taxes, e.g. 900000014

Employer Name – Name of employer

Employer Address – Address of the employer

Public sector: Check this box if employer is in the public sector. The Software automatically calculates the amount of monthly pension contributions as stated by CPA Order 84 April 30, 2004.

Other sector: Check this box if employer is not in the public sector.

For example: Private sector companies  
 Non-governmental organizations  
 Mixed sector companies

The software does not calculate automatically the social security contributions.

## Adding Employee

All the employees working for the employer during the specified calendar year must be added to the worksheet. To add an employee, click on the “Add Employee” button on top of the worksheet. After clicking the button, the following screen will be displayed.

**Figure 5 - Employee Information Screen**

The employer must put in some value in all the fields with the exception of the “Last Date of Work” and “No. of Eligible Children”. Click on the “Save” button when all the required data is entered. If all the information is valid, the employee will be added to the worksheet and the screen will be cleared ready to accept another employee data. To close the screen, click on the “Cancel” button.

Note that the Form Dhad D/4A number is automatically assigned by the program.

The following indicates the choice of personal status that you may encounter, including the amount of legal allowances for each of them:

Personal status	Legal allowance	
	Monthly	Yearly
Single	208,333	2,500,000
Married woman considered as independent taxpayer	208,333	2,500,000
Married man with woman considered as independent taxpayer	208,333	2,500,000
Widow	266,667	3,200,000
Widower	208,333	2,500,000
Divorced man	208,333	2,500,000
Divorcee	208,333	2,500,000
Married man with housewife	375,000	4,500,000
Married woman with incapacitated husband	416,667	5,000,000
Married spouse earning higher income with valid request for aggregation of income*	375,000	4,500,000
Married spouse earning lowest income with valid request For aggregation of income*	nil*	nil*

\*: A valid request for aggregation of income has to be made before January 31<sup>st</sup> of the current year and one of the spouse must earn less than 2,500,000 yearly, if this is the case, the income of spouse earning the lowest income is

added to the income of the spouse earning the highest income and tax shall be withheld from the spouse earning the highest salary. Consequently, for the spouse earning the lowest income, no tax has to be withheld from her salary unless she earns more than 2,500,000.

When you uncheck the Resident of Iraq box, there will be no legal allowance granted to the employee.

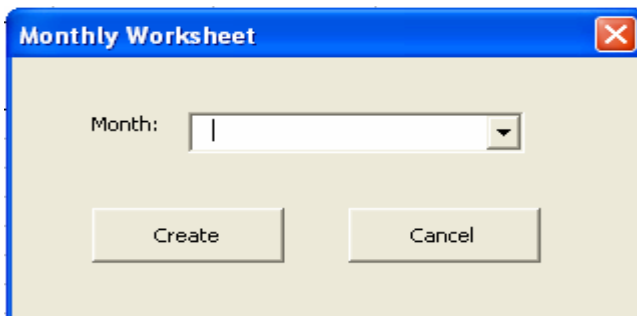
When you uncheck the Principal employer box, there will be no legal allowance granted to the employee or deductions except for social security and pension plan contributions.

### **Editing Employee Data**

When an employee's personal data changes, it should be reflected on the employee list worksheet shown on Figure 4. To make the change, click on any cell containing the employee's data, then click on the "Edit Employee" button on top of the screen. The employee information screen shown on Figure 5 containing the selected employee's data will be displayed. Make the appropriate correction and click on the "Save" button.

### **Monthly Worksheet**

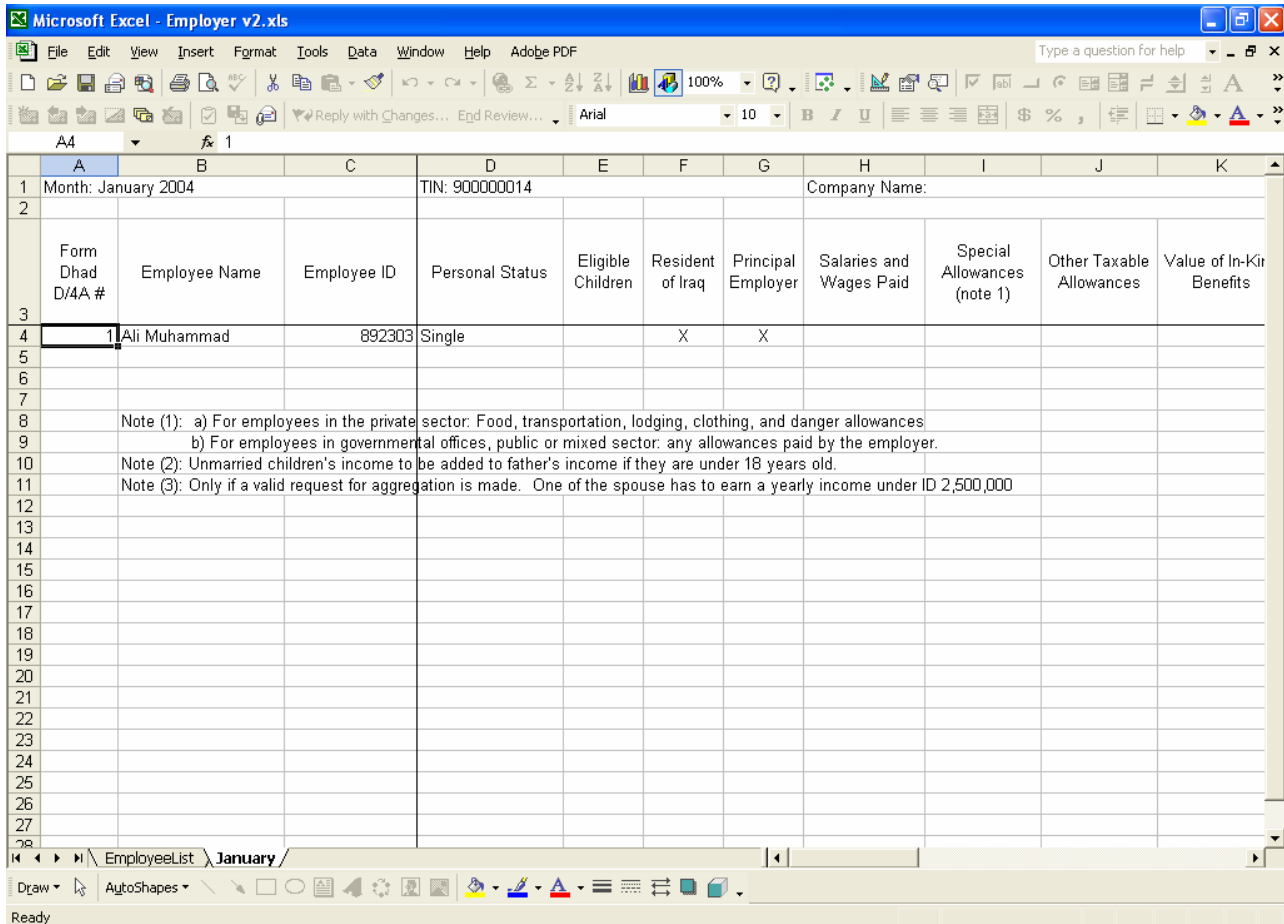
For each month, a worksheet needs to be filled out to determine the wage withholding for each employee. To generate the worksheet, click on the "Monthly Worksheet" button on top of the employee list worksheet. After clicking the button, the following screen will be displayed.



**Figure 6 - Month Selection**

Select the payroll month. After selecting the month, a new worksheet will be created listing all the employees who worked during that month. The format and content of the new worksheet will depend on the month and whether the previous month's worksheet exists.

If there is no worksheet for the previous month, for example in the case of January, a worksheet similar to the one shown below will be displayed. It lists all the employees who worked for the specified month. All the monetary columns are blank except for the "Legal Allowances for the Month".



**Figure 7 - Monthly Worksheet**

If there is a worksheet for the previous month, a worksheet similar to the one shown on Figure 7 will be created. It lists all the employees who worked for the specified month. For those employees who worked during the previous month, their monetary data will be carried over into the new month. The employer must make the necessary changes for the employees whose income or deduction is different from the previous month.

For the month of December, a reconciliation worksheet shown below will be displayed. This worksheet will be used to make adjustments to the employees' wage tax for the whole year. Each of the income and deduction items will be sub-divided into four columns.

First 11 months	Sum of the specific financial data from January to November
December	Financial data for December. Defaults to the same as November, but can be changed.
Adjustment	Financial data adjustment for the year: For example: If the employee did not report the birth of a child in a timely manner; If a non-resident becomes a resident during the year, adjustment to the amount of legal allowance may be necessary.
Total	Total financial data for the year. Calculation automatically done.

Form Dhad D/4A #	Employee Name	Employee ID	Personal Status	Eligible Children	Resident of Iraq	Principal Employer	Salaries and Wages Paid			
							First 11 Months	December	Adjustment	Total
1	Ali Muhammad	892303	Single		X	X	4 400 000	400 000		4 800 000

Note (1): a) For employees in the private sector: Food, transportation, lodging, clothing, and danger allowances  
b) For employees in governmental offices, public or mixed sector: any allowances paid by the employer.  
Note (2): Unmarried children's income to be added to father's income if they are under 18 years old.  
Note (3): Only if a valid request for aggregation is made. One of the spouse has to earn a yearly income under ID 2,500,000

**Figure 8 - Reconciliation Worksheet**

The Reconciliation Worksheet has several columns that might make navigating from column to column cumbersome. To reduce the number of columns to view at a time, three buttons were added.

Full View – displays all the columns

Data Entry View – displays only the December and Adjustment columns

Totals View – displays only the Total column

## Monthly Tax Form

When the monthly worksheet is finalized, a monthly wage withholding tax declaration form should be printed. To generate the form, click on the “Monthly Tax Form” button on the employee list worksheet. After clicking on the button, the month selection screen as shown on Figure 6 will be displayed. Select the month and click on the “Create” button. After clicking on the button, the following sheet will be created.

The screenshot displays a Microsoft Excel spreadsheet titled "Employer - Test 2.xls". The spreadsheet contains a form for a "Monthly Wage Withholding Tax Declaration" from the Republic of Iraq, Ministry of Finance, General Commission for Taxes. The form is structured as follows:

Row	Column	Text	Value
1	A	Republic of Iraq	
2	A	Ministry of Finance	
3	A	General Commission for Taxes	For official Use Only
5	A	Monthly Wage Withholding Tax Declaration	
7	B	[1] Tax Period	2004/01 (YYYY/MM)
9	B	[2] Employer's Taxpayer Identification Number	900000014
11	B	[3] Name of Employer	
13	B	[4] Address of Employer	
16	A	[5] Mark a cross in one of the boxes when applicable:	
18	B	[5a] <input type="checkbox"/> a Original Declaration	[5b] <input type="checkbox"/> b Amended Declaration
21	B	[6] Employees' Total income for the month in Dinar:	24 780 000
23	B	[7] Tax Withheld for the month in Dinar:	2 467 250
25	B	Data on number of employees for this month:	

The spreadsheet also shows a navigation bar at the bottom with tabs for months (July, August, September, October, November, December) and a "Schedule" tab. The status bar at the bottom indicates "Ready".

The form should be printed after verifying the data. Ensure that either 5a or 5b is checked and that the form is dated and signed before submitting to the General Commission for Taxes.

### Income Tax Deduction Schedule

At the end of the year, the General Commission for Taxes also requires that income tax deduction schedule be prepared. This software produces one based on the data entered throughout the year. To generate the deduction schedule, click on the "Deduction Schedule" button on the employee list worksheet. After clicking on the button, the following worksheet will be generated.

Microsoft Excel - Employer - Test 2.xls

File Edit View Insert Format Tools Data Window Help

macro signature

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1 Employer's Name:

2 Employer's Taxpayer Identification Number: 900000014

3

4

5 **INCOME TAX DEDUCTION SCHEDULE**

6 **FOR THE FISCAL YEAR 2005**

7

8 Form Dhad.D/4A No. Employee's Name Citizen ID No. Total Income Total Deductions Taxable Income Tax Due Tax paid during the year Unpaid Tax

9

10 1 Ali Muhammad 892303 7 360 000 6 939 996 420 004 15 550 77 550 0

11 **Total\*\*** 7 360 000 6 939 996 420 004 15 550 77 550 0

12

13 \* If you are not the principal employer, check the box

14 \*\* To be filled for the last page

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July / August / September / October / November / December / Schedule / WWT Form /

Draw AutoShapes

**Figure 9 - Income Tax Deduction Schedule**

Note that the software assumes that the employer paid the amount indicated on the monthly worksheet. If the employer either underpaid or overpaid, the data on column 8 must be updated to reflect the actual payment.