

Subject: Tax Changes Effective for Payrolls Dated On and After January 16, 2018

Date: January 17, 2018

UB#: 002-18

To: All PMS Agencies

The following tax changes are in effect for payrolls processed on or after January 16, 2018.

Supplemental Withholding Rates

Effective payrolls processed on or after January 16, 2018, if you pay supplemental wages (bonuses, commissions, overtime pay, sales awards, etc.) the following changes will be in effect:

(PMS Deduction Code: 6015 - FEDERAL WITHHOLDING TAX)

Federal Withholding TaxReduced from 25% to 22% (.2200)

Federal Income Tax Withholding Allowance:

Annual Value Federal Exemption.....Increased from \$4,050 to \$4,150

Non Resident Add'l Taxable Amount.....Increased from \$2,300 to \$7,850

Federal Withholding

PMS Deduction Tax Reference table (760) has been updated to reflect the 2018 Annual Tax rate changes for Single and Married withholdings in the Federal Withholding Table.

FEDERAL WITHHOLDING TAX – (PMS Deduction Code 6015)

TABLE 7—ANNUAL Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:				If the amount of wages (after subtracting withholding allowances) is:			
		The amount of income tax to withhold is:				The amount of income tax to withhold is:	
Not over \$3,700		\$0		Not over \$11,550		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$3,700	—\$13,225	.. \$0.00 plus 10%	—\$3,700	\$11,550	—\$30,600	.. \$0.00 plus 10%	—\$11,550
\$13,225	—\$42,400	.. \$952.50 plus 12%	—\$13,225	\$30,600	—\$88,950	.. \$1,905.00 plus 12%	—\$30,600
\$42,400	—\$86,200	.. \$4,453.50 plus 22%	—\$42,400	\$88,950	—\$176,550	.. \$8,907.00 plus 22%	—\$88,950
\$86,200	—\$161,200	.. \$14,089.50 plus 24%	—\$86,200	\$176,550	—\$326,550	.. \$28,179.00 plus 24%	—\$176,550
\$161,200	—\$203,700	.. \$32,089.50 plus 32%	—\$161,200	\$326,550	—\$411,550	.. \$64,179.00 plus 32%	—\$326,550
\$203,700	—\$503,700	.. \$45,689.50 plus 35%	—\$203,700	\$411,550	—\$611,550	.. \$91,379.00 plus 35%	—\$411,550
\$503,700	\$150,689.50 plus 37%	—\$503,700	\$611,550	\$161,379.00 plus 37%	—\$611,550

The first payrolls dated on or after January 16, 2018 are listed below:

<u>Pay Cycle</u>	<u>Pay Date</u>
Y	1/17/2018
X	1/18/2018
E	1/25/2018
R	1/25/2018
A/D/W	1/26/2018
Q	1/31/2018
T	2/1/2018
H	2/1/2018

Feel free to share the attached Internal Revenue Service documents with your employees for their understanding of the new changes. Employees seeking to change their withholding allowances may do so in Employee Self-Service.