

## 2013 Income Tax Changes

This notice is to inform you of important tax changes. Effective pay period beginning December 30, 2012 (unless otherwise noted in the attached memorandum), tax changes were implemented for Federal and state income tax withholdings. Attached is a memorandum from the United States Department of the Interior (DOI) regarding these changes. Please review the attached document to determine if any of these changes will affect you.

### DOI Payroll Formulas

To view Federal, state, and territorial income tax withholding formulas by state, please visit: <http://www3.nbc.gov>, and click the **Personnel and Payroll** link on the left side of the page. Scroll down to the **Payroll Operations** heading, click the **Payroll Operations Customer Page** link, and then click the **Payroll Topics** tab. Click the **Federal, State and Territorial Income Tax Withholding Formulas** link, and then click the applicable link.

### Tax-related Questions

If you have pay questions related to these tax changes, please call the DOI payroll hotline at: 1-800-662-4324.



Any questions concerning this notice, contact:  
**NSSC Customer Contact Center**  
1-877-677-2123 (1-877-NSSC123) or [nssc-contactcenter@nasa.gov](mailto:nssc-contactcenter@nasa.gov)



United States Department of the Interior  
Office of the Secretary



D-2600

January 18, 2013

MEMORANDUM

To: User Group Representatives

From: Linda Y. Rihel-Todd, Chief Payroll Operations Division *//signed//*

Subject: Tax Changes

The following tax changes will be implemented effective Pay Period 2013-02 unless otherwise noted.

**FEDERAL TAX**

The Federal FICA contribution is changing effective January 1, 2013. Tax Update FD130001 includes the following changes:

1. The Federal Social Security (OASDI) wage base has been increased from \$110,100 to \$113,700. There remains no limit on Medicare wages.
2. The employee Social Security withholding tax rate has been increased from 4.2% to 6.2% for wages they receive in 2013. This is effective for pay period ending December 29, 2012, official pay date January 8, 2013. The social security withholding tax, OASDI, (Old Age, Survivors, and Disability Insurance) at 4.2 percent officially expired on December 31, 2012. The rate has now reverted back to 6.2 percent. The employer Social Security withholding tax rate remains unchanged at 6.2%.
3. The employee Medicare withholding tax rate remains 1.45% on wages up to \$200,000. The Medicare withholding rate has increased to 2.35% on wages over \$200,000. The employer Medicare withholding tax rate remains unchanged at 1.45%.
4. The 401(k) maximum exclusion limit is increasing from \$17,000 to \$17,500 effective January 1, 2013. The catch-up contribution for employees who will be age 50 or over in 2013 remains \$5,500.

**STATE TAX**

The state tax changes are effective January 1, 2013 and will be implemented in pay period 2013-02.

**California Income Tax Withholding** - The income tax withholding formula for the State of California is changing, due to the passage of Proposition 30. The SINGLE, MARRIED, and HEAD OF HOUSEHOLD withholding tables are changing. Also:

Tax Update CA130002 includes the following changes:

1. The low income exemption amount for MARRIED WITH 0 OR 1 ALLOWANCE and SINGLE is increased from \$12,527 to \$12,769.
2. The low income exemption amount for MARRIED WITH 2 OR MORE ALLOWANCES and HEAD OF HOUSEHOLD is increased from \$25,054 to \$25,537.
3. The standard deduction for MARRIED WITH 0 OR 1 ALLOWANCE and SINGLE is increased from \$3,769 to \$3,841.
4. The standard deduction for MARRIED WITH 2 OR MORE ALLOWANCES and HEAD OF HOUSEHOLD is increased from \$7,538 to \$7,682.
5. The SINGLE, MARRIED, and HEAD OF HOUSEHOLD withholding tables have changed.
6. The annual personal exemption credit has increased from \$112.20 to \$114.40.

**Georgia State Income Tax Withholding** - Tax Update GA130025 includes the following changes:

1. The Personal Allowance for employees who claim Married Filing Separate has changed from \$2,700, per allowance claimed, to \$3,700. Employees who claim Married Filing Separate can no longer claim more than 1 Personal Allowance. Any Personal Allowances claimed greater than 1 will be ignored.
2. The Personal Allowance for employees who claim Married Filing Joint, Both Spouses Working, has changed from \$2,700, per allowance claimed, to \$3,700. Employees who claim Married Filing Joint, Both Spouses Working, can no longer claim more than 1 Personal Allowance. Any Personal Allowances claimed greater than 1 will be ignored.
3. The Personal Allowance for employees who claim Married Filing Joint, One Spouse Working, has changed from \$2,700, per allowance claimed. The Personal Allowance is now \$3,700 for employees claiming 1 allowance and \$7,400 for employees claiming 2 allowances.

#### Special Considerations

The Georgia Department of Revenue will be issuing a new Georgia G-4 form, Employee Withholding Exemptions, effective January 1, 2013. Only employees who claim Married

Filing Joint, One Spouse Working will be allowed to claim more than 1 Personal Allowance.

**Hawaii State Income Tax Withholding** - The annual amount, per exemption claimed, is increasing from \$1,040 to \$1,144.

**Kansas State Income Tax Withholding** - Tax Update KS130004 includes the following changes:

1. The flat tax rate on supplemental wages has decreased from 5.0% to 4.5%.
2. The SINGLE (including HEAD OF HOUSEHOLD) and MARRIED withholding tables have changed.

**Kentucky State Income Tax Withholding** - The annual standard deduction is increasing from \$2,290 to \$2,360.

**Maine State Income Tax Withholding** - Tax Update ME130006 includes the following changes:

1. The annual amount, per exemption, has been increased from \$2,850 to \$3,900.
2. The SINGLE tax table has been updated.
3. The MARRIED tax table has been updated.
4. The adjustment amount for nonresident aliens has been increased from \$5,950 to \$6,100.
5. The low income tax minimum of \$40 per year has been removed.

**Minnesota State Income Tax Withholding** - Tax Update MN130018 contains the following changes:

1. The annual amount, per exemption, has increased from \$3,800 to \$3,900.
2. The SINGLE and MARRIED withholding tables have changed.

**North Dakota State Income Tax Withholding** - Tax Update ND130029 includes the following changes:

1. The annual exemption amount has been increased from \$3,800 to \$3,900.
2. The SINGLE (including HEAD OF HOUSEHOLD) and MARRIED withholding tables have changed.

**Nebraska State Income Tax Withholding** - Tax Update NE130020 includes the following changes:

1. The annual amount per withholding allowance has been increased from \$1,700 to \$1,900.
2. The SINGLE and HEAD OF HOUSEHOLD withholding table has been changed.
3. The MARRIED withholding table has been changed.

**New York State Income Tax Withholding** - Tax Update NY130021 contains the following changes:

1. The standard deduction for SINGLE filers has been changed from \$6,975 to \$7,150.
2. The standard deduction for MARRIED filers has been changed from \$7,475 to \$7,650.
3. The SINGLE and MARRIED tax tables have been updated.

**Oregon State Income Tax Withholding** - Tax Update OR130033 contains the following changes:

1. The standard deduction amount for Single filers claiming less than 3 allowances has increased from \$2,025 to \$2,080.
2. The standard deduction amount for Single filers claiming 3 or more allowances has increased from \$4,055 to \$4,160.
3. The standard deduction amount for Married filers has increased from \$4,055 to \$4,160.
4. The annual tax credit amount, per exemption, has increased from \$183 to \$188.
5. The annualized deduction for federal tax withheld has increased from a maximum of \$6,100 to \$6,250.
6. The tax tables have changed for all filers.
7. The Oregon state income tax withholding formula includes a tax credit for federal income tax withheld. The state income tax withholding formula for the State of Oregon is being updated, to properly calculate the federal tax credit when the employee is paid for a partial or multiple pay periods.

**Puerto Rico Income Tax Withholding** - The following changes are included in Tax Update PR130016:

1. The table to determine the Allowance Amount for the Special Deduction for Certain Individuals has been changed.
2. The wage table to determine tax due has been changed.
3. The Christmas bonus special formula has been changed.

**Puerto Rico 401k** - Limits are based on the Puerto Rico tax Code.

1. The pre-tax contribution limit for Puerto Rico-Only Qualified Plans has changed from \$13,000 to \$15,000.
2. The pre-tax contribution limit for Dual-Qualified Plans (qualified as both a US and Puerto Rico plan) has changed from \$17,000 to \$17,500.

**Rhode Island State Income Tax Withholding** - Tax Update RI130034 includes the following changes:

1. The annualized wage threshold where the annual exemption amount is eliminated has been changed from \$202,700 to \$207,950.
2. The wage table has been updated.

**LOCAL TAX**

The local tax changes are effective January 1, 2013 and will be implemented in pay period 2013-02.

**Maryland State and County Income Tax Withholding** - The Maryland-State and Counties Taxing Authorities documentation is being updated to include the following county income tax rate changes:

County	Personal Income <u>Tax Rate</u>	Alternative <u>Withholding Rate</u>
Anne Arundel	2.56%	2.60%
Talbot	2.40%	2.40%
Wicomico	3.20%	3.20%

**New York State - Yonkers, New York Income Tax** - Tax Update NY130021 contains the following changes:

1. The standard deduction for SINGLE filers has been changed from \$6,975 to \$7,150.
2. The standard deduction for MARRIED filers has been changed from \$7,475 to \$7,650.
3. The resident SINGLE and MARRIED tax tables have been updated.

**Ohio Local Income Tax Withholding** - The Taxing Authorities documentation is being updated to include the following local income tax change.

LOCALITY	RATE
Caldwell	0.00%

NOTE: Caldwell implemented a new 1% tax effective January 1, 2012, but this tax was repealed retroactive to January 1, 2012, in the November elections. Amounts that have already been withheld will be refunded by the city.

No retroactive adjustments will be made to employee's withholding.

The payroll web page is updated frequently to view state tax formulas at <http://www3.nbc.gov/customer/PersonnelPay/Payroll/payrolltopics/taxFormulas.html>.

If you have any questions, please contact the Customer Support Center at 1-888-367-1622.