



2015 Income Tax Changes

Last updated 2/10/15

This notice is to inform you of important tax changes which were implemented for Federal and state income tax withholdings. The United States Department of the Interior (DOI) issued two memorandums to identify the tax changes that will be implemented. The memos are attached to the end of this notice. They cover different states and implementation dates as follows:

1. DOI memo dated January 28, 2015. Subject: Tax Changes Implemented for Pay Period (PP) 2015-03. Changes are effective for the following:

A. FEDERAL TAX

- a. Puerto Rico Income Tax

B. STATE TAX

- a. Arkansas State Income Tax
- b. California Income Tax
- c. Colorado State Income Tax
- d. Connecticut State Income Tax
- e. District of Columbia Income Tax
- f. Illinois State Income Tax
- g. Indiana State Income Tax
- h. Kansas State Income Tax
- i. Kentucky State Income Tax
- j. Maine State Income Tax
- k. Massachusetts State Income Tax
- l. Minnesota State Income Tax
- m. New York State Income Tax
- n. North Carolina State Income Tax
- o. North Dakota State Income Tax
- p. Oklahoma State Income Tax
- q. Oregon State Income Tax
- r. Rhode Island State Income Tax

C. LOCAL TAX

- a. Indiana County Income Tax
- b. Kentucky Local Income Tax
- c. Maryland State and County Income Tax
- d. New York - Yonkers, New York Income Tax
- e. Ohio Local Income Tax

2. DOI memo dated February 6, 2015. Subject: Tax Changes Implemented for PP 2015-04. Changes are effective for the following:

A. STATE TAX

- a. Missouri State Income Tax
- b. New Mexico State Income Tax
- c. Vermont State Income Tax

B. LOCAL TAX

- a. Pennsylvania Local Income Tax

To determine if any of these changes will affect you, you may review the attached DOI memorandum. You may also review the DOI payroll withholding formulas on the [DOI Payroll Operations](#) Web page. This page may also be located by using the following steps:

1. Access the DOI Web site at: <http://www3.irc.doi.gov/>.
2. Click the **SERVICES & SYSTEMS** tab.
3. Under the **Human Resources and Payroll Services** heading, click the **Payroll Operations** link.
4. Click the **Payroll Topics** tab.
5. Click the **Federal, State and Territorial Income Tax Withholding Formulas** link.

These changes are being implemented into the Federal Personnel/Payroll System (FPPS) in PP 2015-03 and PP 2015-04. Retroactive adjustments will not be made to employee's withholding.

Tax-related Questions

If you have pay questions related to these tax changes, please call the DOI Customer Support Center at: 1-888-367-1622. For Payroll assistance, choose **option 3** (Assistance with Personnel, Payroll, Time & Attendance, or Training & Learning Systems), and then choose **option 2** (Payroll Assistance).

Any questions concerning this notice, contact:

NSSC Customer Contact Center

1-877-677-2123 (1-877-NSSC123) or nssc-contactcenter@nasa.gov



United States Department of the Interior
Office of the Secretary



D-2600

January 28, 2015

MEMORANDUM

To: User Group Representatives

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

Subject: Tax Changes Implemented for PP2015-03

Please share this information with all impacted employees. Datamart queries can be executed to identify employees in affected state or local taxing areas.

Effective Pay Period 2015-03, the following tax changes will be implemented:

FEDERAL TAX

The U.S. Federal Social Security (OASDI) wage base is changing effective January 1, 2015. The wage base is increasing from \$117,000 to \$118,500. There is no limit on Medicare wages. The Social Security and Medicare tax rates remain unchanged.

The US Federal 401(k) Wage Limits maximum exclusion limit is increasing from \$17,500 to \$18,000 effective January 1, 2015. The catch-up contribution for employees who will be age 50 or over in 2015 is increasing from \$5,500 to \$6,000.

The United States Federal income tax withholding formula is changing effective January 1, 2015. Tax Update FD150026 contains the following changes:

1. The withholding allowance per exemption has been increased from \$3,950 to \$4,000.
2. The SINGLE (including HEAD OF HOUSEHOLD) and MARRIED tax tables have changed.
3. The annual amount to add to a nonresident alien's taxable wages prior to calculating withholding has been increased from \$2,250 to \$2,300.

Puerto Rico Income Tax Withholding – The Puerto Rico 401(k) Wage Limits Puerto Rico 401(k) limits are based on the Puerto Rico tax Code. The following limits are in effect as of January 1, 2015:

1. The pre-tax contribution limit for Dual-Qualified Plans (qualified as both a US and Puerto Rico plan) is increasing from \$17,500 to \$18,000.
2. The pre-tax contribution limit for U.S. federal employees is increasing from \$17,500 to \$18,000.

3. The catch-up contribution limit for Puerto Rico plans that cover U.S. federal government employees is increasing from \$5,500 to \$6,000.

STATE TAX

Arkansas State Income Tax Withholding - The income tax formula for the State of Arkansas is changing effective January 1, 2015. Tax Update AR150003 includes the following changes:

1. The flat tax rate on supplemental wages has been changed from 7.0% to 6.9%.
2. The annual standard deduction amount has been changed from \$2,000 to \$2,200.
3. An adjustment to annual net taxable income has been introduced for net taxable income of less than \$50,000. The income must be adjusted before calculating tax using the tax table when it is below \$50,000. The adjustment is made by truncating the annual wages to the nearest \$100 and then adding \$50.
4. The tax table has been changed.
5. The annual personal tax credit, per exemption claimed, has been increased from \$20 to \$26.

California Income Tax Withholding - The income tax withholding formula for the State of California is changing effective January 1, 2015. Tax Update CA150004 includes the following changes:

1. The low income exemption amount for MARRIED WITH 0 OR 1 EXEMPTION and SINGLE is increased from \$12,997 to \$13,267.
2. The low income exemption amount for MARRIED WITH 2 OR MORE EXEMPTIONS and HEAD OF HOUSEHOLD is increased from \$25,994 to \$26,533.
3. The standard deduction for MARRIED WITH 0 OR 1 EXEMPTION and SINGLE is increased from \$3,906 to \$3,992.
4. The standard deduction for MARRIED WITH 2 OR MORE EXEMPTIONS and HEAD OF HOUSEHOLD is increased from \$7,812 to \$7,984.
5. The SINGLE, MARRIED, and HEAD OF HOUSEHOLD withholding tables have changed.
6. The annual personal exemption credit has increased from \$116.60 to \$118.80.

Colorado State Income Tax Withholding - The income tax withholding formula for the State of Colorado is changing effective January 1, 2015. Tax Update CO150049 includes the following changes:

1. The annual allowance per exemption claimed has been increased from \$3,900 to \$4,000.
2. The SINGLE and MARRIED withholding tables have been changed.

Connecticut State Income Tax Withholding - The income tax withholding formula for the State of Connecticut is changing effective January 1, 2015. Tax Update CT150046 includes the following changes:

1. The exemption table for employees claiming withholding code F (Single filers) has changed.
2. The personal tax credit table for employees claiming withholding code F (Single filers) has changed.

District of Columbia Income Tax Withholding - The income tax withholding formula for the District of Columbia is changing effective January 1, 2015. Tax Update DC150050 includes the following changes:

1. The standard deduction has been changed from \$1,675 to \$1,725.
2. The withholding tax table brackets and rates have changed. There are now separate tax tables for Single/Married Filing Separate, Married Filing Joint, and Head of Household filers.

Illinois State Income Tax Withholding - The income tax withholding formula for the State of Illinois is changing effective January 1, 2015. Tax Update IL150032 includes the following changes:

1. The flat tax rate on supplemental wages has decreased from 5.0% to 3.75%.
2. The annual exemption amount for the basic allowances claimed for taxpayer, spouse, and other dependents has increased from \$2,125 to \$2,150.
3. The income tax rate has decreased from 5.0% to 3.75%.

Indiana State Income Tax Withholding - The income tax withholding formula for the State of Indiana is changing effective January 1, 2015. The state tax rate is decreasing from 3.4% to 3.3%.

Kansas State Income Tax Withholding - The income tax withholding formula for the State of Kansas is changing effective January 1, 2015. The SINGLE (including HEAD OF HOUSEHOLD) and MARRIED withholding tables have changed.

Kentucky State Income Tax Withholding - The income tax withholding formula for the State of Kentucky is changing effective January 1, 2015. The annual standard deduction has been increased from \$2,400 to \$2,440.

Maine State Income Tax Withholding - The income tax withholding formula for the State of Maine is changing effective January 1, 2015. Tax Update ME150007 includes the following changes:

1. The annual amount, per exemption, has been increased from \$3,950 to \$4,000.
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 \$6,200 to \$6,300.

Massachusetts State Income Tax Withholding - The income tax withholding formula for the State of Massachusetts is changing effective January 1, 2015. Tax Update MA150036 includes the following changes:

1. The tax rate has decreased from 5.20% to 5.15%.
2. The HEAD OF HOUSEHOLD tax credit has been decreased from 124.80 to \$123.60.
3. The BLINDNESS tax credit has been decreased from \$114.40 to \$113.30.

Minnesota State Income Tax Withholding - The income tax withholding formula for the State of Minnesota is changing effective January 1, 2015. Tax Update MN150037 contains the following changes:

1. The annual amount, per exemption, has increased from \$3,950 to \$4,000.00.
2. The SINGLE and MARRIED withholding tables have changed.

New York State Income Tax Withholding - The income tax withholding formula for the State of New York is changing effective January 1, 2015. Tax Update NY150021 includes the following changes:

1. The standard deduction for SINGLE filers has been changed from \$7,250 to \$7,350.
2. The standard deduction for MARRIED filers has been changed from \$7,750 to \$7,850.
3. The SINGLE and MARRIED tax tables have been updated.

North Carolina State Income Tax Withholding - The state income tax withholding formula for the State of North Carolina is changing effective January 1, 2015. Tax Update NC150051 includes the following changes:

1. The flat tax rate for supplemental wages has been reduced from 5.8% to 5.75%.
2. The state withholding tax rate has been reduced from 5.8% to 5.75%.
3. An additional tax amount is added for nonresident aliens to eliminate the standard deduction.

Special Instructions:

The state has indicated that nonresident aliens should submit new Form NC-4 NRA. *If you pay nonresident aliens, it is recommended that you reset the employee's marital status to blank until Form NC-4 NRA is submitted.* A blank marital status will indicate to ALLTAX that the employee has not submitted Form NC-4 NRA and tax will be calculated properly based on the state's new rules.

North Dakota State Income Tax Withholding - The income tax withholding formula for the State of North Dakota is changing effective January 1, 2015. Tax Update ND150052 includes the following changes:

1. The annual exemption amount has been increased from \$3,950 to \$4,000.
2. The SINGLE (including HEAD OF HOUSEHOLD) and MARRIED withholding tables have changed.

Oklahoma State Income Tax Withholding - The income tax withholding formula for the State of Oklahoma is changing effective January 2015. The SINGLE and MARRIED tax tables are changing.

Oregon State Income Tax Withholding - The income tax withholding formula for the State of Oregon is changing effective January 1, 2015. Tax Update OR150042 contains the following changes:

1. The standard deduction amount for Single filers claiming less than 3 allowances has increased from \$2,115 to \$2,145.
2. The standard deduction amount for Single filers claiming 3 or more allowances has increased from \$4,230 to \$4,295.
3. The standard deduction amount for Married filers has increased from \$4,230 to \$4,295.
4. The annual tax credit amount, per exemption, has increased from \$191 to \$194.
5. The annualized deduction for federal tax withheld has increased from a maximum of \$6,350 to \$6,450.
6. The phase-out table for the federal tax deduction has changed for filers with annual wages of \$50,000 or higher.
7. The tax tables have changed for all filers.

Rhode Island State Income Tax Withholding - The income tax withholding formula for the State of Rhode Island is changing effective January 1, 2015. Tax Update RI150047 includes the following changes:

1. The annualized wage threshold where the annual exemption amount is eliminated has been changed from \$211,300 to \$214,700.
2. The wage table has been updated.

The payroll web page is updated frequently. State Tax formulas can be viewed at <http://www3.ibc.doi.gov/services/hr/payroll/payrolltopics/taxFormulas.cfm>

LOCAL TAX

Indiana County Income Tax Withholding - The Taxing Authorities documentation is being updated to include the following local income tax changes effective January 1, 2015.

County (Type of Tax) =====	Resident =====	Non-resident =====
Adams (COIT/CEDIT)	1.624%	0.799%
Elkhart (CAGIT/CEDIT)	2.000%	No Change
Jennings (CAGIT/CEDIT)	1.750%	No Change
Knox (COIT/CEDIT)	1.000%	0.550%
Marion (COIT)	1.770%	* 0.442%
Parke (CAGIT/CEDIT)	2.450%	No Change

Kentucky Local Income Tax Withholding - The income tax withholding for following Kentucky localities is changing effective January 1, 2015. The maximum withholding wage base is increasing from \$117,000 to \$118,500 to coincide with the 2015 Federal OASDI wage base.

<u>Locality</u>	<u>New Maximum Tax</u>
Alexandria	\$ 1,755.00
Cold Spring	\$ 1,185.00
Covington	\$ 2,903.25
Crestview Hills	\$ 1,185.00
Florence	\$ 2,370.00
Franklin	\$ 1,185.00
Kenton County	\$ 280.00
Newport	\$ 2,962.50

Furthermore, the occupational tax formula for Boone County, Kentucky is changing effective January 1, 2015. The taxable wage base is increasing from \$57,482 to \$58,627. The employee tax rate remains at 0.8%. The maximum annual tax is \$469.02.

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 effective January 1, 2015:

County	Personal Income Tax Rate	Alternative Withholding Rate
Carroll	3.03%	3.05% (no change)

New York - Yonkers, New York Income Tax Withholding - The income tax withholding formula for the City of Yonkers is changing effective January 1, 2015. Tax Update NY150021 contains the following changes for Yonkers residents:

1. The standard deduction for SINGLE filers has been changed from \$7,250 to \$7,350.
2. The standard deduction for MARRIED filers has been changed from \$7,750 to \$7,850.
3. The resident SINGLE and MARRIED tax tables have been updated.
4. The flat tax rate on supplemental wages for residents has changed from 1.84704% to 1.61135%.
5. The resident local tax rate that is applied against the New York State tax has changed from 19.2% to 16.75%.

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

LOCALITY	RATE
Athens	1.75%
** Huber Heights	2.25%
Oberlin	2.50%
Piqua	2.00%
Rocky River	2.00%
Sandusky	1.25%

***Employees with Estimated Tax Payments to Huber Heights may want to review their Voluntary Tax Allotment to account for the 0.25% increase.*

Once again, these changes are being implemented into FPPS in pay period 2015-03. Retroactive adjustments will not be made to employee's withholding.

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



United States Department of the Interior
Office of the Secretary



D-2600

February 6, 2015

MEMORANDUM

To: User Group Representatives

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

Subject: Tax Changes Implemented for PP2015-04

Please share this information with all impacted employees. Datamart queries can be executed to identify employees in affected state or local taxing areas.

Effective Pay Period 2015-04, the following tax changes will be implemented:

STATE TAX

Missouri State Income Tax Withholding - The income tax withholding formula for the State of Missouri has changed effective January 1, 2015. Tax Update MO150058 includes the following changes:

1. The standard deduction amount for employees claiming SINGLE has increased from \$6,200 to \$6,300.
2. The standard deduction amount for employees claiming MARRIED AND SPOUSE WORKS has increased from \$6,200 to \$6,300.
3. The standard deduction amount for employees claiming MARRIED AND SPOUSE DOES NOT WORK has increased from \$12,400 to \$12,600.
4. The standard deduction amount for employees claiming HEAD OF HOUSEHOLD has increased from \$9,100 to \$9,250.

New Mexico State Income Tax Withholding - The income tax withholding formula for the State of New Mexico is changing effective January 1, 2015. Tax Update NM150057 includes the following changes:

1. The annual exemption amount has been increased from \$3,950 to \$4,000.
2. The SINGLE (including HEAD of HOUSEHOLD) and MARRIED withholding tables have been changed.

Vermont State Income Tax Withholding - The income tax withholding formula for the State of Vermont is changing effective January 1, 2015. Tax Update VT150055 includes the following changes:

1. The annual amount, per exemption, has increased from \$3,950 to \$4,000.

2. The SINGLE (including HEAD OF HOUSEHOLD) and MARRIED withholding tables have changed.

The payroll web page is updated frequently. State Tax formulas can be viewed at <http://www3.abc.doi.gov/services/hr/payroll/payrolltopics/taxFormulas.cfm>

LOCAL TAX

Pennsylvania Local Income Tax Withholding - The Pennsylvania local earned income tax (EIT) rates and local services tax (LST) amounts are being updated in response to information issued by the Pennsylvania Department of Community and Economic Development in the state's Official Tax Register as of January 6, 2015.

Tax Reference transactions are also delivered to update the EIT rates and LST amounts for those customers who have implemented the special Pennsylvania Earned Income Tax and Local Services Tax formulas.

The following earned income tax rates and local services tax amounts are changing effective January 1, 2015:

Municipality (County) School District	PSD Cd	NR	EIT%	Res	EIT%	Mun	LST	SD	LST
Allentown City (Lehigh) Allentown City S	390101	1.28							
Arnold City (Westmoreland) New Kensington-A	651301	1.3		1.3					
Easton City (Northampton) Easton Area S D	480302	1.95							
Jeannette City (Westmoreland) Jeannette C	650801	2.0		2.0					
Tyrone Twp (Adams) Conewago Valley S D	010211					\$47			
Tyrone Twp (Adams) Upper Adams S D	010606					\$47			
York City (York) York City S D	671401	1.25		1.25					

Once again, these changes are being implemented into FPPS in pay period 2015-04. Retroactive adjustments will not be made to employees' withholding.

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