



2016 Income Tax Changes Updated 03-25-16

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) Interior Business Center (IBC) issued two memorandums to identify the tax changes that will be implemented. This notice was last updated March 25, 2016 and will be updated as new memorandums are issued by IBC. The current memos are attached to the end of this notice. They cover different states and implementation dates as follows:

1. IBC memo dated January 27, 2016. Subject: Tax Changes Implemented for Pay Period (PP) 2016-03. Changes are effective for the following:

A. FEDERAL TAX

- a. U.S. Federal Income Tax Withholding

B. STATE TAX

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

C. LOCAL TAX

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

2. IBC memo dated March 10, 2016. Subject: Tax Changes Effective PP 2016-06. Changes are effective for the following:

A. STATE TAX

- a. California State Income Tax

B. LOCAL TAX

a. West Virginia Local Income Tax

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

1. Access the IBC – Customer Central Web site at: <http://www3.ibc.doi.gov/>.
2. Under the **Human Resources and Payroll** heading, click the **Payroll Operations** link.
3. Click the **Payroll Topics** tab.
4. Click the **Federal, State and Territorial Income Tax Withholding Formulas** link.

These changes were implemented into the Federal Personnel/Payroll System (FPPS) in PP 2016-03 and PP 2016-06. Retroactive adjustments will not be made to employees' withholding.

Tax-related Questions

If you have pay questions related to these tax changes, please call the DOI IBC 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).

For questions concerning this notice, contact:
NASA Shared Services Center (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 27, 2016

MEMORANDUM

To: User Group Representatives

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

Subject: Tax Changes Implemented for PP2016-03

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 2016-03, the following tax changes will be implemented:

FEDERAL TAX

U.S. Federal Income Tax Withholding - The U.S. Federal income tax withholding formula is changing effective January 1, 2016. Tax Update FD160021 contains the following changes:

1. The annual amount to add to a nonresident alien's taxable wages prior to calculating withholding has been decreased from \$2,300 to \$2,250.
2. The withholding allowance per exemption has been increased from \$4,000 to \$4,050.
3. The SINGLE (including HEAD OF HOUSEHOLD) and MARRIED tax tables have changed.

NOTICE: There are no changes to the US Federal Social Security or Medicare calculations for 2016.

STATE TAX

California State Income Tax Withholding - The income tax withholding formula for the State of California is changing effective January 1, 2016. Tax Update CA160001 includes the following changes:

1. The low income exemption amount for MARRIED WITH 0 OR 1 EXEMPTION and SINGLE is increased from \$13,267 to \$13,419.
2. The low income exemption amount for MARRIED WITH 2 OR MORE EXEMPTIONS and HEAD OF HOUSEHOLD is increased from \$26,533 to \$26,838.
3. The standard deduction for MARRIED WITH 0 OR 1 EXEMPTION and SINGLE is increased from \$3,992 to \$4,044.

4. The standard deduction for MARRIED WITH 2 OR MORE EXEMPTIONS and HEAD OF HOUSEHOLD is increased from \$7,984 to \$8,088.
5. The SINGLE, MARRIED, and HEAD OF HOUSEHOLD withholding tables have changed.
6. The annual personal exemption credit has increased from \$118.80 to \$119.90.

Connecticut State Income Tax Withholding - The income tax withholding formula for the State of Connecticut is changing effective January 1, 2016. Tax Update CT160037 includes the following changes:

1. The tax rate for employees who do not submit a valid Form CT-W4 has increased from 6.7% to 6.99%.
2. The tax rate used in the Special Formula that is available for non-payroll payments (e.g. entertainers and athletes) has increased from 6.7% to 6.99%.
3. The exemption table for employees claiming withholding code F (Single filers) has changed.
4. 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, 2016. The annual withholding tax table is changing.

Illinois State Income Tax Withholding - The income tax withholding formula for the State of Illinois is changing effective January 1, 2016. The annual exemption amount for the basic allowances claimed for taxpayer, spouse, and other dependents is increasing from \$2,150 to \$2,175.

Kentucky State Income Tax Withholding - The income tax withholding formula for the State of Kentucky is changing effective January 1, 2016. The annual standard deduction is increasing from \$2,440 to \$2,460.

Maine State Income Tax Withholding - The income tax withholding formula for the State of Maine is changing effective January 1, 2016. Tax Update ME160007 includes the following changes:

1. The annual amount, per exemption, has been increased from \$4,000 to \$4,050.
2. The adjustment for nonresident aliens has been eliminated.
3. A new adjustment for phasing out the state's standard deduction has been added.
4. The SINGLE tax table has been updated.
5. The MARRIED tax table has been updated.

Maryland State and County Income Tax Withholding - The income tax withholding formula for the State of Maryland is changing effective January 1, 2016. Tax Update MD160034 includes the following changes:

1. The Maryland tax rate on supplemental wages for nonresidents who are subject to Maryland state income tax, but who are not subject to Maryland local income tax, has increased from 7.00% to 7.50%.
2. The Maryland tax tables for SINGLE and MARRIED nonresident filers who are subject to Maryland state income tax, but who are not subject to Maryland local income tax, have changed.

Massachusetts State Income Tax Withholding - The income tax withholding formula for the State of Massachusetts is changing effective January 1, 2016. Tax Update MA160035 includes the following changes:

1. The tax rate has decreased from 5.15% to 5.10%.
2. The HEAD OF HOUSEHOLD tax credit has been decreased from \$123.60 to \$122.40.
3. The BLINDNESS tax credit has been decreased from \$113.30 to \$112.20.

Minnesota State Income Tax Withholding - The income tax withholding formula for the State of Minnesota is changing effective January 1, 2016. Tax Update MN160028 contains the following changes:

1. The annual amount, per exemption, has increased from \$4,000 to \$4,050.
2. The SINGLE and MARRIED withholding tables have changed.

Missouri State Income Tax Withholding - The income tax withholding formula for the State of Missouri is changing effective January 1, 2016. The standard deduction amount for employees claiming HEAD OF HOUSEHOLD is changing from \$9,250 to \$9,300.

New Mexico State Income Tax Withholding - The income tax withholding formula for the State of New Mexico is changing effective January 1, 2016. Tax Update NM160029 includes the following changes:

1. The annual exemption amount has been increased from \$4,000 to \$4,050.
2. The SINGLE (including HEAD of HOUSEHOLD) and MARRIED withholding tables have been changed.

New York State Income Tax Withholding - The income tax withholding formula for the State of New York is changing effective January 1, 2016. Tax Update NY160030 contains the following changes:

1. The standard deduction for SINGLE filers has been changed from \$7,350 to \$7,400.
2. The standard deduction for MARRIED filers has been changed from \$7,850 to \$7,900.
3. The SINGLE and MARRIED tax tables have been updated.
4. The default tax method for supplemental wages paid in the same check as regular wages has been changed from Concurrent Aggregate to Flat Tax since Flat Tax is a valid option by the state. ALLTAX always uses Flat Tax as the default when it is allowed.

North Carolina State Income Tax - The state income tax withholding formula for the State of North Carolina is changing effective January 1, 2016. Tax Update NC160036 includes the following changes:

1. The flat tax rate for supplemental wages has been increased from 5.75% to 5.85%.
2. The state withholding tax rate has been increased from 5.75% to 5.85%.
3. The standard deduction for SINGLE, MARRIED, and QUALIFYING WIDOW(ER) filers has been increased from \$7,600 to \$7,750.

4. The standard deduction for HEAD OF HOUSEHOLD filers has been increased from \$12,000 to \$12,400.
5. The adjustment based on the minimum additional withholding amount required to be claimed by nonresident aliens has been changed.
6. The default tax method for supplemental wages paid in the same check as regular wages has been changed from Concurrent Aggregate to Flat Tax since Flat Tax is a valid option by the state. ALLTAX always uses Flat Tax as the default when it is allowed.

North Dakota State Income Tax Withholding - The income tax withholding formula for the State of North Dakota is changing effective January 1, 2016. Tax Update ND160040 includes the following changes:

1. The flat tax rate on supplemental wages has changed from 2.05% to 1.84%.
2. The annual exemption amount has changed from \$4,000 to \$4,050.
3. 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 1, 2016. Tax Update OK160031 includes the following changes:

1. The flat tax rate on supplemental wages has changed from 5.25% to 5.00%.
2. The SINGLE and MARRIED tax tables have been updated.

Oregon State Income Tax Withholding - The income tax withholding formula for the State of Oregon is changing effective January 1, 2016. Tax Update OR160046 contains the following changes:

1. The standard deduction amount for Single filers claiming less than 3 allowances has increased from \$2,145 to \$2,155.
2. The standard deduction amount for Single filers claiming 3 or more allowances has increased from \$4,295 to \$4,315.
3. The standard deduction amount for Married filers has increased from \$4,295 to \$4,315.
4. The annual tax credit amount, per exemption, has increased from \$194 to \$195.
5. The annualized deduction for federal tax withheld has increased from a maximum of \$6,450 to \$6,500.
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, 2016. Tax Update RI160048 includes the following changes:

1. The annualized wage threshold where the annual exemption amount is eliminated has been changed from \$214,700 to \$215,800.

2. The wage table has been updated.

Vermont State Income Tax Withholding - The income tax withholding formula for the State of Vermont is changing effective January 1, 2016. Tax Update VT160044 includes the following changes:

1. The annual amount, per exemption, has increased from \$4,000 to \$4,050.
2. The SINGLE (including HEAD OF HOUSEHOLD) and MARRIED withholding tables have changed.

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, 2016.

<u>County (Type of Tax)</u>	<u>Resident</u>	<u>Non-resident</u>
Delaware (COIT/CEDIT)	1.500%	* 0.862%
Fountain (CAGIT/CEDIT)	1.550%	0.500%
Franklin (CAGIT/CEDIT)	1.500%	No Change
Morgan (CAGIT/CEDIT)	No Change	0.502%
Washington (CAGIT/CEDIT)	No Change	0.500%

Kentucky Local Income Tax Withholding

The occupational tax formula for Boone County, Kentucky is changing effective January 1, 2016. The taxable wage base is increasing from \$58,627 to \$58,727. The employee tax rate remains at 0.8%. The maximum annual tax is \$469.82.

Maryland 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, 2016:

<u>County</u>	<u>Personal Income Tax Rate</u>	<u>Alternative Withholding Rate</u>
Anne Arundel	2.50%	2.50%
Worcester	1.75%	1.75%

New York Local Income Tax Withholding:

Yonkers, New York Income Tax Withholding - The income tax withholding formula for the City of Yonkers is changing effective January 1, 2016. Tax Update NY160030 contains the following changes for Yonkers residents:

1. The standard deduction for SINGLE filers has been changed from \$7,350 to \$7,400.
2. The standard deduction for MARRIED filers has been changed from \$7,850 to \$7,900.
3. The resident SINGLE and MARRIED tax tables have been updated.

- The default tax method for supplemental wages paid in the same check as regular wages has been changed from Concurrent Aggregate to Flat Tax since Flat Tax is a valid option by the city. ALLTAX always uses Flat Tax as the default when it is allowed.

Ohio Local Income Tax Withholding - The Taxing Authorities documentation is being updated to include the following local income tax changes effective January 1, 2016:

LOCALITY	RATE
Chillicothe	2.00%
Cleveland Heights	2.25%
Portsmouth	2.50%

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 December 29, 2015.

The Taxing Authorities-User-Defined Localities, Pennsylvania User- Defined Localities documentation has been updated to include the revised values.

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, 2016:

Municipality (County)	School District	PSD	Cd	NR	EIT%	Res	EIT%	Mun	LST	SD	LST
Altoona City (Blair)	Altoona Area S D	070101		1.5		1.6					

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>

Once again, these changes are being implemented into FPPS in pay period 2016-03. 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.



United States Department of the Interior
Office of the Secretary



D-2600

March 10, 2016

Memorandum

To: User Group Representatives

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

Subject: Tax Changes Effective PP2016-06

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 2016-06, the following tax changes will be implemented into the Federal Personnel and Payroll System:

State Tax

- **California State Income Tax Withholding** - Effective January 1, 2016, the married tax table in the California Taxing Authorities documentation has been corrected. The value "\$4991.36 plus 10.23% over \$103,080" has been changed to "\$4991.36 plus 10.23% over \$103,060".

Local Tax

- **West Virginia Local Income Tax Withholding** - Effective January 3, 2016, the withholding formula for Charleston, WV has changed. The city service fee has increased from \$2.00 to \$2.50 per week.

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>

Retroactive adjustments will not be made to employee's withholding. If you have any questions, please contact the Customer Support Center at (888) 367-1622.