

2020 Income Tax Changes

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

1. IBC memo dated March 10, 2020. Subject: Tax Changes Implemented for Pay Period (PP) 2020-05. Changes are effective for the following:
 - A. FEDERAL TAX
 - a. The following changes apply to elections made to versions prior to the 2020 Form W-4, Employee's Withholding Certificate:
 - The exemption amount per withholding allowance is increasing from \$4,200 to \$4,300.
 - The annual amount to add to a nonresident alien's taxable wages prior to calculating withholding has increased from \$8,000 to \$8,100.
 - B. STATE TAX
 - a. California State Income Tax Withholding
 - b. Colorado Income Tax Withholding
 - c. Delaware State Income Tax Withholding
 - d. Illinois State Income Tax Withholding
 - e. Massachusetts State Income Tax Withholding
 - f. Maine State Income Tax Withholding
 - g. Maryland State Income Tax Withholding
 - h. Minnesota State Income Tax Withholding
 - i. Missouri State Income Tax Withholding
 - j. New Mexico State Income Tax Withholding
 - k. North Carolina State Income Tax Withholding
 - l. North Dakota State Income Tax Withholding
 - m. Oregon State Income Tax Withholding
 - n. Rhode Island State Income Tax Withholding
 - o. South Carolina State Income Tax Withholding
 - p. Vermont State Income Tax Withholding
 - C. LOCAL TAX
 - a. Indiana Local Income Tax Withholding
 - b. Maryland Local Income Tax Withholding

The above tax changes were implemented for the noted pay period and will not be retroactive to employees' withholdings. 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 Tax Formulas](#) Web page. This page may also be located by using the following steps:

Access the IBC – Customer Central Web site at: <https://ibc.doi.gov/HRD>

1. Under the **Human Resources** heading, click the **Payroll Operations** link.
2. Click the **Payroll Topics** tab.
3. Click the **Federal, State and Territorial Income Tax Withholding Formulas** link.

Date of Issue: March 2020

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

INTERIOR BUSINESS CENTER
Denver, CO 80235

D-2613

March 10, 2020

Memorandum

To: Federal Personnel and Payroll (FPPS) User Group Representatives

From: Christine Zertuche-Rocha, Chief //signed//
Payroll Operations Division

Subject: **CORRECTED**: Tax Changes Implemented Pay Period (PP) 2020-05 (Federal*, CA, CO, DE, IL, IN, MA, ME, MD, MN, MO, NM, NC, ND, OR, RI, SC, VT)

Please share this information with all impacted employees. The following tax changes were implemented in PP2020-05. As a reminder, tax changes are not retroactive to employees' withholdings.

Federal Tax

- The following changes apply to elections made to versions prior to the 2020 Form W-4, Employee's Withholding Certificate:
 - The exemption amount per withholding allowance is increasing from \$4,200 to \$4,300.
 - The annual amount to add to a nonresident alien's taxable wages prior to calculating withholding has increased from \$8,000 to \$8,100.

***A separate memo will be issued no later than March 31, 2020, regarding the upcoming changes in the 20.01 FPPS release related to the 2020 Form W-4.**

State Tax

- **California State Income Tax Withholding:**
 - The low-income exemption amount for MARRIED WITH 0 OR 1 EXEMPTION and SINGLE is increased from \$14,573 to \$15,042.
 - The low-income exemption amount for MARRIED WITH 2 OR MORE EXEMPTIONS and HEAD OF HOUSEHOLD is increased from \$29,146 to \$30,083.
 - The standard deduction for MARRIED WITH 0 OR 1 EXEMPTION and SINGLE is increased from \$4,401 to \$4,537.
 - The standard deduction for MARRIED WITH 2 OR MORE EXEMPTIONS and HEAD OF HOUSEHOLD is increased from \$8,802 to 9,074.
 - The SINGLE, MARRIED, and HEAD OF HOUSEHOLD withholding tables have changed.
 - The annual personal exemption credit has increased from \$129.80 to \$134.20.
 - Datamart Query: Tax State = 06.
- **Colorado State Income Tax Withholding:**
 - Colorado will continue to use the Federal W-4 Form for state withholding purposes. The state no longer uses the number of exemptions claimed.**
 - The annual deduction based on number of exemptions claimed has been replaced with a fixed annual deduction based on marital status.
 - The SINGLE and MARRIED withholding tables have been replaced with a flat 4.63% tax on taxable wages.
 - Datamart Query: Tax State = 08.

** Employees may see approximately an additional \$7.50 withheld per exemption (up to 6 exemptions) previously claimed. Employees claiming married may also see an additional \$7.00 withholding (i.e. an

employee claiming MARRIED with 6 exemptions currently will see an additional \$52.00 [$\$7.50 \times 6 = \$45.00 + \7.00] withheld per pay period under the new guidelines implemented).

- **Delaware State Income Tax Withholding:**
 - Delaware has introduced a state W-4 to claim marital status and exemptions for state withholding purposes effective January 1, 2020. Employees who submit new W-4 forms after 2019 must use the Delaware state W-4 form instead of the Federal W-4 form.
 - There are no changes to the state's withholding tax formula for 2020.
 - Datamart Query: Tax State = 10.

- **Illinois State Income Tax Withholding:**
 - The annual exemption amount for the basic allowances claimed for taxpayer, spouse and other dependents is increasing from \$2,275 to \$2,325.
 - Datamart Query: Tax State = 17.

- **Massachusetts State Income Tax Withholding:**
 - The tax rate has decreased from 5.05% to 5.00%
 - The HEAD OF HOUSEHOLD tax credit has been decreased from \$121.20 to \$120.00.
 - The BLINDNESS tax credit has been decreased from \$111.10 to \$110.00.
 - Datamart Query: Tax State = 25.

- **Maine State Income Tax Withholding:**
 - The SINGLE and MARRIED standard deduction and withholding tables were updated.
 - The annual amount per exemption has increased from \$4,200 to \$4,300.
 - Datamart Query: Tax State = 23.

- **Maryland State Income Tax Withholding:**
 - The special formula flat tax rates on supplemental wages for nonresidents who are subject to Maryland state and local tax has changed from 7.50% to 8.00%.
 - The Maryland SINGLE and MARRIED tax tables for nonresidents who are subject to Maryland state and local tax have changed.
 - Datamart Query: Tax State = 24.

- **Minnesota State Income Tax Withholding:**
 - The annual amount per exemption has increased from \$4,200 to \$4,300.
 - The SINGLE and MARRIED withholding tables were updated.
 - Datamart Query: Tax State = 27.

- **Missouri State Income Tax Withholding:**
 - The standard deduction amount for employees claiming SINGLE, MARRIED FILING SEPARATE, and MARRIED AND SPOUSE WORKS have changed from \$12,200 to \$12,400.
 - The standard deduction amount for employees claiming MARRIED AND SPOUSE DOES NOT WORK has changed from \$24,400 to \$24,800.
 - The standard deduction amount for employees claiming HEAD OF HOUSEHOLD has changed from \$18,350 to \$18,650.
 - The income tax table has changed.
 - Datamart Query: Tax State = 29.

- **New Mexico State Income Tax Withholding:**

- New Mexico will continue to use the Federal W-4 Form for state withholding purposes. The state no longer uses the number of exemptions claimed. **As a result, employees may see an increase in their state tax withholding starting in PP 2020-05.**
 - The annual deduction based on number of exemptions claimed has been removed from the calculation.
 - The SINGLE and MARRIED withholding tables have been changed.
 - A new withholding table has been added for HEAD OF HOUSEHOLD.
 - Datamart Query: Tax State = 35.
- **North Carolina State Income Tax Withholding:**
 - The standard deduction amount for employees claiming SINGLE, MARRIED, and SURVIVING SPOUSE filers have changed from \$10,000 to \$10,750.
 - The standard deduction amount for HEAD OF HOUSEHOLD filers has increased from \$15,000 to \$16,125.
 - The adjustment based on the minimum additional withholding amount required to be claimed by nonresident aliens has changed.
 - Datamart Query: Tax State = 37.
- **North Dakota State Income Tax Withholding:**
 - North Dakota does not have a state Form W-4 and uses the Federal Form W-4. The Federal Form W-4 no longer has exemptions as of 2020. To calculate North Dakota tax, the number of exemptions must be zero for employees who have submitted a 2020 or later Form W-4.
 - A HEAD OF HOUSEHOLD tax table has been added for employees who have submitted a 2020 or later Form W-4.
 - For those employees who have not submitted a Federal 2020 Form W-4:
 - The annual amount per exemption has increased from \$4,200 to \$4,300
 - The SINGLE and MARRIED (including MARRIED FILING JOINTLY) withholding tables have been updated.
 - Datamart Query: Tax State = 38.
- **Oregon State Income Tax Withholding:**
 - The flat tax rate on supplemental wages has changed from 9.0% to 8.0%.
 - The standard deduction amount for Single filers claiming less than 3 allowances has increased from \$2,270 to \$2,315.
 - The standard deduction amount for Single filers claiming 3 or more allowances has increased from \$4,545 to \$4,630.
 - The standard deduction amount for Married filers has increased from \$4,545 to \$4,630.
 - The annual tax credit amount, per exemption, has increased from \$206 to \$210.
 - The annualized deduction for federal tax withheld has increased from a maximum of \$6,800 to \$6,950.
 - The tax tables have changed for all filers.
 - Datamart Query: Tax State = 41.
- **Rhode Island State Income Tax Withholding:**
 - Employees must complete a new Form RI W-4 for 2020. Rhode Island will no longer utilize the Federal Form W-4.
 - The annualized wage threshold where the annual exemption amount is eliminated has been changed from \$227,050 to \$231,500.
 - The wage table was updated.
 - Datamart Query: Tax State = 44.
- **South Carolina State Income Tax Withholding:**

- The deduction, per personal exemption, has increased from \$2,510 to \$2,590.
 - The maximum standard deduction in case of any exemptions has increased from \$3,470 to \$3,820.
 - The table for state income tax withholding calculation has been updated.
 - Datamart Query: Tax State = 45.
- **Vermont State Income Tax Withholding:**
 - The annual amount per exemption is increasing from \$4,250 to \$4,350.
 - The SINGLE and MARRIED withholding tables have been changed.
 - Datamart Query: Tax State = 50.

Local Tax

- **Indiana Local Income Tax Withholding** - The Local Income tax withholding rates for the following Indiana counties are changing:

COUNTY	CODE	OLD RATE	NEW RATE
Cass	18 017	2.60%	2.70%
Decatur	18 031	2.35%	2.50%
Fulton	18 049	2.38%	2.68%
Gibson	18 051	0.70%	0.90%
Hamilton	18 057	1.00%	1.10%
Henry	18 065	1.50%	1.70%
Jennings	18 079	3.15%	2.50%
Knox	18 083	1.00%	1.20%
Tippecanoe	18 157	1.10%	1.28%

- **Maryland Local Income Tax Withholding** – Updated for the following county income tax rate changes:

LOCALITY	CODE	OLD RATE	NEW RATE
Anne Arundel	24-003	2.50%	2.85%
Baltimore	24-005	2.83%	3.20%
Dorchester	24-019	2.62%	3.20%
Kent	24-029	2.85%	3.20%
St. Mary's	24-037	3.00%	3.20%
Washington	24-043	2.80%	3.20%
Worcester	24-047	1.75%	2.25%

You may execute Datamart queries to identify employees in affected state taxing areas. For Combined File Ad-Hoc query/analysis of applicable States: add STE Tax State 1 = (State Code above) or STE Tax State 2 = (State Code above) to the filter or prompt lines. See above for the applicable Local Tax State and/or Local Tax City Codes to add to the prompt lines (Occurrences – Other PE Pay).

The Interior Business Center Payroll website is updated frequently; you may view the state tax formulas here: <https://ibc.doi.gov/HRD/FedStateTerritorial>

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