

2024 Income Tax Changes

This notice is to inform you of important tax changes which were implemented for federal, state, or local income tax withholdings. The United States Department of the Interior (DOI) Interior Business Center (IBC) has issued memorandums identifying tax changes that have been implemented. As a result, employees may see a change in their tax withholdings. As a reminder, tax changes are not retroactive to employees' withholdings.

1. **IBC memo dated Sept. 25, 2024**, Subject: Tax Changes Implemented Pay Period (PP) 2024-20: AR and KS:

A. State Tax

- Arkansas Income Tax Withholding:
 - The state income tax withholding formula has changed effective Jan. 1, 2024.
 - The flat tax rate on supplemental wages has changed from 4.4% to 3.9%.
 - The standard tax table has been changed.
- Kansas Income Tax Withholding:
 - The state income tax withholding formula has changed effective July 1, 2024.
 - The annual allowance per exemption claimed has increased from \$2,250 to \$2,320.
 - This applies to the number of additional dependents claimed.
 - A new annual personal allowance has been added.
 - This applies to the first and second number of exemptions based on the employee's filing status and total exemptions claimed.
 - The number of additional dependents is equal to the total number of exemptions claimed minus the number of exemptions used to calculate the new personal allowance.
 - The Single, Married, and Head of Household withholding tables have changed.

2. **IBC memo dated July 3, 2024**, Subject: Tax Changes Implemented Pay Period (PP) 2024-14: GA, ID, MA, OH, VA, and Locality in KY:

A. State Tax

- Georgia Income Tax Withholding:
 - The state income tax withholding formula has changed effective July 1, 2024.
 - The dependent deduction has increased from \$3,000 to \$4,000.
 - The income tax rate on wages has changed from 5.49% to 5.39%.
 - The special formula for supplemental wages has been removed and replaced with the flat tax method. The flat tax rate for supplemental wages is now 5.49%.

- Idaho Income Tax Withholding:
 - The state income tax withholding formula has changed effective Jan. 1, 2024.
 - The flat tax rate on supplemental wages has changed from 5.8% to 5.695%.
 - The annual deduction per exemption has increased from \$3,534 to \$3,600.
 - The Single and Married tax tables have changed.
- Massachusetts Income Tax Withholding:
 - The state income tax withholding formula has changed effective Jan. 1, 2024.
 - A special formula has been added to calculate tax on supplemental wages.
 - The current 5% flat tax rate still applies to employees who will not be paid more than \$1,053,750 for the year.
 - Employees whose estimated annual wages will exceed \$1,053,750 require a special calculation to determine the correct tax rate for withholding.
 - Supplemental wages over total annual wages of \$1,053,750 will be taxed at a rate of 9%.
- Ohio Income Tax Withholding:
 - The state income tax withholding formula has changed effective July 1, 2024.
 - The highest tax rate in the table is changing from 4.41% to 3.80%.
- Virginia Income Tax Withholding:
 - The state income tax withholding formula has changed effective April 1, 2024.
 - The annual standard deduction amount has increased from \$8,000 to \$8,500.

B. Local Tax

- Kentucky Local Income Tax Withholding:
 - Florence:
 - The annual tax limit has increased from \$3,204 to \$3,372.
3. **IBC memo dated April 25, 2024**, Subject: Tax Changes Implemented Pay Period (PP) 2024-09: IA and MT

A. State Tax

- Iowa Income Tax Withholding:
 - The state income tax withholding formula has changed effective Jan. 1, 2024.
 - The state has implemented an annual total withholding allowance. This allowance is a fixed annual dollar amount and is claimed on line 6 of the Form 2024 IA W-4, Employee Withholding Allowance Certificate.

- We highly encourage employees to submit a new 2024 IA W-4 to ensure that their state withholdings are accurate.
- Montana Income Tax Withholding:
 - A reduced designated PP withholding amount has been added to the state's revised Form MW-4, Montana Employee's Withholding and Exemption Certificate. The tax formula has been updated to allow for a fixed PP withholding amount that may be less than the amount required based on the state's standard formula.

4. **IBC memo dated Feb. 28, 2024**, Subject: Tax Changes Implemented Pay Period (PP) 2024-05: MD

A. State Tax

- Maryland Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The minimum standard deduction has increased from \$1,700 to \$1,800.
 - The maximum standard deduction has increased from \$2,550 to \$2,700.

B. County Tax Changes:

- The tax tables for Anne Arundel have changed.
 - There are now two tables based on marital status.
 - The tax tables for Frederick have changed for Single and Married filers.
- Cecil tax rate has changed from 2.80% to 2.75%.
- Supplemental Wages Tax Rate:
 - Anne Arundel has changed from 2.81% to 3.20%.
 - Frederick has changed from 2.96% to 3.20%.

5. **IBC memo dated Feb. 28, 2024**, Subject: Tax Changes Implemented Pay Period (PP) 2024-03: Federal, PR, AR, CA, CO, CT, GA, IL, IN, KY, ME, MA, MI, MN, MS, MO, MT, NE, NM, NC, ND, OK, OR, RI, SC, VT and Localities in IN and KY

A. Federal Tax

- U.S. Federal Social Security (OASDI) Wage Base – The wage base has increased from \$160,200 to \$168,600. There is no limit on Medicare wages, and the Social Security and Medicare tax rates remain unchanged.
- U.S. Federal 401(k) Wage Limits – The 401(k) maximum exclusion limit has increased from \$22,500 to \$23,000. The catch-up contribution for employees who will be age 50 or over in 2023 will remain at \$7,500.
- U.S. Federal Income Tax:

- For withholding based on a pre-2020 Form W-4, Employee's Withholding Certificate, the annual amount to add to a nonresident alien's taxable wages prior to calculating withholding has increased from \$9,550 to \$10,300.
- For withholding based on a 2020 Form W-4, the annual amount to add to a nonresident alien's taxable wages prior to calculating withholding has increased from \$13,850 to \$14,600.
- The standard and high-income tax tables for all marital statuses have changed.

B. U.S. Territory Tax

- Puerto Rico 401(k) Wage Limits:
 - The pretax contribution limit has changed effective Jan. 1, 2024.
 - The pretax contribution limit for U.S. federal employees has increased from \$22,500 to \$23,000.
 - The catch-up contribution limit for Puerto Rico plans that cover U.S. federal government employees will remain \$7,500.

C. State Tax

- Arkansas Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The flat tax rate on supplemental wages has changed from 4.7% to 4.4%.
 - The standard deduction amount has increased from \$2,270 to \$2,340.
 - The wage threshold to adjust annual net taxable income has increased from less than \$91,301 to less than \$100,001.
 - The standard tax table has changed.
 - The tax credit formula for employees who qualify for the low-income tax tables has changed.
- California Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The low-income exemption amount for Married with 0 or 1 exemption and Single has increased from \$17,252 to \$17,769.
 - The low-income exemption amount for Married with 2 or more exemptions and Head of Household has increased from \$34,503 to \$35,538.
 - The standard deduction for Married with 0 or 1 exemption and Single has increased from \$5,202 to \$5,363.
 - The standard deduction for Married with 2 or more exemptions and Head of Household has increased from \$10,404 to \$10,726.
 - The Single, Married, and Head of Household withholding tables have changed.
 - The annual personal exemption credit has increased from \$154 to \$158.40.
- Colorado Income Tax Withholding:

- The income tax withholding formula has changed effective Jan. 1, 2024.
- The annual standard deduction for employees who do not complete Form DR 0004, Colorado Employee Withholding Certificate, Line 2, and **file as Married Filing Jointly or Qualifying Widow(er)** has increased from \$9,000 to \$10,000.
- The annual standard deduction for employees who do not complete Form DR 0004 Line 2, and **file as anything other than Married Filing Jointly or Qualifying Widow(er)** has increased from \$4,500 to \$5,000.
- Connecticut Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The tax tables have changed for filers claiming withholding code A, D, F, B, or C.
 - The 3% tax rate phase-out add-back tables have changed to represent a 2% phase-out add-back for filers claiming withholding code A, D, F, B, or C.
 - The tax recapture tables have changed for filers claiming withholding code A, D, F, B, or C.
- Georgia Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The standard deduction for employees who claim Married Filing Jointly where only one spouse works has increased from \$7,100 to \$24,000.
 - The standard deduction for employees who claim Single, or Head of Household has increased from \$5,400 to \$12,000.
 - The standard deduction for employees who claim Married Filing Separate or Married Filing Joint where both spouses work has increased from \$3,550 to \$12,000.
 - The personal allowance deductions for employees and spouses have been removed and are replaced by the higher standard deduction amounts.
 - The graduated tax tables based on marital status have been replaced by a flat tax rate of 5.49%.
 - The highest tax rate in the special formula table for supplemental wages has changed from 5.75% to 5.49%.
- Illinois Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The annual exemption amount for the basic allowances claimed for taxpayers, spouses, and other dependents is now \$2,775.
- Indiana Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The tax rate has changed from 3.15% to 3.05%.
- Kentucky Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.

- The annual standard deduction has increased from \$2,980 to \$3,160.
- The tax rate has changed to 4%.
- Maine Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The annual exemption per allowance claimed has increased from \$4,700 to \$5,000.
 - The Single and Married standard deduction tables have changed.
 - The Single and Married withholding tables have changed.
- Massachusetts Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The tax table has changed.
- Michigan Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The annual amount per exemption has increased from \$5,400 to \$5,600.
 - The tax rate has changed from 4.05% to 4.25%.
 - The flat tax rate for supplemental wages has changed from 4.05% to 4.25%.
- Minnesota Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The annual amount per exemption has increased from \$4,800 to \$5,050.
 - The Single and Married withholding tables have changed.
- Mississippi Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The tax table has changed.
- Missouri Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The flat tax rate for supplemental wages has changed from 4.95% to 4.80%.
 - The standard deduction amount for employees claiming Single, Married Filing Separate, and Married and Spouse Works has increased from \$13,850 to \$14,600.
 - The standard deduction amount for employees claiming Married and Spouse Does Not Work has increased from \$27,700 to \$29,200.
 - The standard deduction amount for employees claiming Head of Household has increased from \$20,800 to \$21,900.
 - The income tax table has changed.
- Montana Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.

- The flat tax rate for supplemental wages has changed from 6% to 5%.
- The annual deduction for withholding allowances has been removed.
- The withholding table has been replaced by three withholding tables based on marital status.
 - The reduced designated PP withholding amount will be available in the Federal Personnel and Payroll System (FPPS) and Employee Express effective April 15, 2024 (release 24.02).
 - The calculated withholding amounts are rounded up to the next whole dollar instead of rounded to the nearest dollar.
- Nebraska Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The annual amount per withholding allowance has increased from \$2,140 to \$2,250.
 - The Single and Head of Household withholding table has changed.
 - The Married withholding table has changed.
- New Mexico Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The Single, Married, and Head of Household withholding tables have changed.
- North Carolina Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The flat tax rate on supplemental wages has changed from 4.85% to 4.60%.
 - The wage tax rate for all filers has changed from 4.85% to 4.60%.
 - The adjustment based on the minimum additional withholding amount required to be claimed by nonresident aliens has changed.
- North Dakota Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The flat tax rate on supplemental wages has changed from 1.84% to 1.50%.
 - The tax tables for all filing statuses have changed.
- Oklahoma Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The Married tax table has changed.
- Oregon Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The standard deduction amount for Single filers claiming less than 3 allowances has increased from \$2,605 to \$2,745.

- The standard deduction amount for Single filers claiming 3 or more allowances has increased from \$5,210 to \$5,495.
- The standard deduction amount for Married filers has increased from \$5,210 to \$5,495.
- The annual tax credit amount, per exemption, has increased from \$236 to \$249.
- The annualized deduction for federal tax withheld has increased from a maximum of \$7,800 to \$8,250.
- The tax tables have changed for all filers.
- Rhode Island Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The annualized wage threshold where the annual exemption amount is no longer available, has increased from \$260,550 to \$274,650.
 - The wage table has changed.
- South Carolina Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The flat tax rate on supplemental wages has changed from 6.5% to 6.4%.
 - The deduction per personal exemption has increased from \$4,310 to \$4,610.
 - The maximum standard deduction in case of any exemptions has increased from \$6,475 to \$6,925.
 - The state tax table has changed.
- Vermont Income Tax Withholding:
 - The income tax withholding formula has changed effective Jan. 1, 2024.
 - The annual amount per exemption has increased from \$4,850 to \$5,100.
 - The Single and Married tax tables have changed.

D. Local Tax

- Indiana Local Income Tax Withholding:
 - County of Allen:
 - The resident income tax rate has changed to 1.59%.
 - County of Blackford:
 - The resident income tax rate has changed to 2.5%.
 - County of Crawford:
 - The resident income tax rate has changed to 1.65%.
 - County of Floyd:
 - The resident income tax rate has changed to 1.39%.

- County of Franklin:
 - The resident income tax rate has changed to 1.70%.
- County of Howard:
 - The resident income tax rate has changed to 1.95%.
- County of Ohio:
 - The resident income tax rate has changed to 2%.
- County of Pike:
 - The resident income tax rate has changed to 1.2%.
- County of Putnam:
 - The resident income tax rate has changed to 2.3%.
- County of Ripley:
 - The resident income tax rate has changed to 2.38%.
- County of Steuben:
 - The resident income tax rate has changed to 1.99%.
- Kentucky Local Income Tax Withholding:
 - Bowling Green:
 - The employee tax rate has changed to 2%.
 - Elizabethtown:
 - The employee tax rate has changed to 1.95%.
 - Boone County:
 - The taxable wage base has increased from \$72,906 to \$75,223.
 - The employee tax rate remains at 0.8%.
 - The maximum tax is \$601.78.
 - Florence County:
 - The maximum withholding wage base has increased from \$160,200 to \$168,600 to coincide with the 2024 Federal OASDI wage base.
 - The payroll tax rate remains at 2%.
 - The maximum tax is \$3,372.
 - Kenton County:

- The maximum withholding wage base has increased from \$160,200 to \$168,600 to coincide with the 2024 Federal OASDI wage base.
 - There are no longer two taxable wage bases and rates.
 - The payroll tax rate has changed to 0.6997% on all up to the OASDI wage maximum of \$168,600.
 - The maximum tax is \$1,179.69.
6. **IBC memo dated Jan. 3, 2024**, Subject: Tax Changes Implemented Pay Period (PP) 2024-01: OH
- A. State Tax**
- Ohio Income Tax Withholding:
 - The state income tax withholding has changed effective Nov. 1, 2023.
 - The gross withholding per PP will no longer be increased by 0.1%.

The above tax changes were implemented for the noted pay periods and will not be retroactive to employees' withholdings. To determine if any of these changes will affect you, you may review the IBC memoranda. These pages may also be located by using the following steps:

1. Access the IBC – Customer Central website at: <http://www3.ibc.doi.gov/>.
2. Click on the Human Resources pane.
3. Select Payroll Operations from the topics in the page's banner.
4. Select Payroll Announcements from the drop-down menu.
5. Click on the link related to the appropriate memo topic:
 - a. **Memo: Tax Changes implemented in Pay Period (PP) 2024-20: AR and KS**
 - b. **Memo: Tax Changes Implemented Pay Period (PP) 2024-14: GA, ID, MA, OH, VA, and Locality in KY**
 - c. **Memo: Tax Changes Implemented Pay Period (PP) 2024-09: IA and MT**
 - d. **Memo: Tax Changes Implemented Pay Period (PP) 2024-05: MD**
 - e. **Memo: Tax Changes Implemented Pay Period (PP) 2024-03: Federal, PR, AR, CA, CO, CT, GA, IL, IN, KY, ME, MA, MI, MN, MS, MO, MT, NE, NM, NC, ND, OK, OR, RI, SC, VT and Localities in IN and KY**
 - f. **Memo: Tax Change Implemented Pay Period (PP) 2024-01: OH**

You may also review the IBC payroll withholding formulas by using the following steps:

1. Access the IBC – Customer Central website at: <http://www3.ibc.doi.gov/>.
2. Click on **Human Resources**.
3. Click on **Payroll Manuals**.
4. From left navigation list, click on the **Payroll Topics** option.
5. Click the **Federal, State, and Territorial Withholding Formulas** link.

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Tax-related Questions

If you have pay questions related to these tax changes, please call the IBC Customer Support Center at 720-673-9958 or by email at Payroll_Helpdesk@ios.doi.gov.

For questions concerning this notice, contact:
NASA Shared Services Center (NSSC) Customer Contact Center
877-677-2123 (877-NSSC123) or nssc-contactcenter@mail.nasa.gov

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