



Payroll Bulletin

Office of the State Comptroller

Bureau of State Payroll Services

Date: January 31, 2018

Bulletin Number: 1632

Subject	Summary of Tax Related Changes for 2018
Purpose	To inform agencies of the updated IRS tax withholding requirements for 2018 and other tax related topics.
Affected Employees	Employees meeting the criteria as explained in this bulletin.
Summary of Changes	<p>To date, the IRS has issued guidance on changes to the following areas for 2018:</p> <ul style="list-style-type: none"> • Withholding Rates and Tax Brackets • Supplemental Wage Withholding Flat Rate • Additional Withholding Amount for Nonresident Aliens • Social Security Wage Base Limit • Qualified Transportation & Parking Fringe Benefits Limit • Mileage Rates • Individual Taxpayer Identification Number (ITIN) - Renewal/Expiration
Tax Changes	<p>Federal Tax Changes</p> <p>IRS Notice 1036 provides an early release of certain 2018 Income Tax changes. To access this notice, visit the Internal Revenue Service website at https://www.irs.gov/pub/irs-pdf/n1036.pdf</p> <p>These changes will also be published in IRS Publication 15 (Circular E), Employer's Tax Guide for use in 2018, which has not yet been released by the IRS.</p> <p>Federal Tax Withholding Rates</p> <p>Due to late issuance of the new tax withholding rates, changes will be reflected in the Administration paychecks dated February 7, 2018 and Institution paychecks dated February 15, 2018. All other changes were effective in the first paycheck of January, 2018.</p> <p>Federal Withholding Allowance</p> <p>The amount of one withholding allowance has increased to \$4,150 for 2018.</p> <p>New York State, New York City and Yonkers Withholding Allowance</p> <p>The value of one New York State, New York City and Yonkers withholding allowance remains at \$1,000.</p> <p>The 2018 New York State, New York City, and Yonkers withholding tax tables have been revised.</p> <p>Additional Withholding for Nonresident Aliens</p> <p>The withholding of federal income tax on the wages of nonresident alien employees is subject to an additional amount that is added to nonresident alien employees' wages for calculating Federal income tax. The additional amount to annual income has increased to \$7,850 for 2018.</p>

Supplemental Wage Withholding Flat Rate

The Supplemental Wage Withholding flat rate has decreased in 2018 to 22%. While OSC has implemented Supplemental Wage withholding using the aggregate method, this is provided for informational purposes only.

Social Security & Medicare Wage Base and Tax Rate Information

The Social Security wage base limit for 2018 has increased to \$128,400 (max tax \$7,960.80). There is no limit on the amount of wages subject to Medicare tax. The Social Security tax rate of 6.2% and Medicare tax rate of 1.45% remain the same. Employees receiving income in excess of \$200,000 will be subject to an additional Medicare Tax of .9%. The additional tax applies only to income above the \$200,000 threshold and is only paid by employees.

Pre-Tax Benefits

Qualified Parking Benefits

The maximum exclusion from gross income for qualified parking benefits has increased to \$260 per month in 2018.

Qualified Transit Pass

The maximum exclusion from gross income for qualified transportation benefits has increased to \$260 per month in 2018.

Mileage Rate

The standard mileage rate for computing the value of personal use of an employer provided vehicle is 54.5 cents per mile in 2018.

***ITIN
Renewal/Expiration***

Unused ITINs – ITINs not used on a federal income tax return in the last three years (covering 2014, 2015 or 2016) will no longer be valid to use on a tax return as of January 1, 2018. ITIN holders in this group who need to file a tax return for 2018 will need to renew their ITINs. The renewal period began October 1, 2017.

Expired ITINs – ITINs issued before 2013 with the middle digits of 70, 71, 72, or 80 (Example: 9XX-70-XXXX) will expire at the end of 2017. The renewal period for these ITINs began October 1, 2017. ITINs with the middle digits 78 and 79 that expired in 2016 can be renewed. The IRS will mail letters to this group to inform them of the need to renew their ITINs if they need to file a tax return and explain steps they need to take.

OSC Actions

OSC has updated PayServ with the new IRS requirements for 2018.

Agency Actions

Informational. Please inform employees.

Questions

Questions regarding this bulletin may be emailed to the Tax and Compliance mailbox.