

**From:** Allyson Moerman (amoerman)  
**Sent:** Wednesday, January 17, 2018 10:11 AM  
**Subject:** 2018 Federal Withholding Tax Changes

*The following message is from the Office of Administration and Finance:*

The IRS released Notice 1036 on Thursday, January 11, 2018. This notice provides information regarding the new 2018 Percentage Method Tables for Federal Income Tax Withholding. The new tables reflect the increase in the standard deduction, repeal of personal exemptions and changes in tax rates and brackets. They are designed to work with existing W-4 forms already on file; however, the IRS is working on revising the Form W-4 to reflect additional changes in the new law, such as changes in available itemized deductions, increases in the child tax credit, the new dependent credit and repeal of dependent exemptions.

The IRS also plans to have a new withholding tax calculator available on their website by the end of February. The calculator and new Form W-4 can be used by employees who wish to update their withholding in response to the new law or changes in their personal circumstances in 2018. Payroll will continue to use the 2017 W-4 until the new one has been published. At that time the Payroll website will be updated with the new Form W-4. Employees with specific questions related to personal tax liability should seek advice from tax professionals.

The new taxes will be in effect with the **1/19/18 biweekly** pay date (part-time) and the **2/1/18 semi-monthly** (full-time) pay date.

The state's payroll system has been updated to reflect the following changes:

- The flat tax rate on supplemental wages up to \$1 Million has been changed from 25% to 22%.
- The annual amount to add to a nonresident alien's taxable wages prior to calculating withholding has been increased from \$2,300 to \$7,850.
- The withholding allowance per exemption has been increased from \$4,050 to \$4,150 (annually)
- The Single (including Head of Household) and Married tax tables have changed.

Additional information is available from the IRS: <https://www.irs.gov/pub/irs-pdf/n1036.pdf>  
<https://www.irs.gov/newsroom/updated-2018-withholding-tables-now-available-taxpayers-could-see-paycheck-changes-by-february>

Please contact the Payroll Office with any questions – [payroll@umw.edu](mailto:payroll@umw.edu).