



# United States Department of the Interior

INTERIOR BUSINESS CENTER  
Denver, CO 80235

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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.