



United States Department of the Interior

INTERIOR BUSINESS CENTER
Denver, CO 80235

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April 9, 2020

Memorandum

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

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

Subject: Tax Changes Implemented Pay Period (PP) 2020-08 (AR, MD, MS)

Please share this information with all impacted employees. The following tax changes were implemented in PP2020-08. As a reminder, tax changes are not retroactive to employees' withholdings.

State Tax

- **Arkansas State Income Tax Withholding:**
 - The flat tax rate on supplemental wages has been changed from 6.9% to 6.6%.
 - The wage threshold to adjust annual net taxable income has been changed from less than \$50,000 to less than \$87,001.
 - The standard tax table has been changed.
 - Datamart Query: Tax State = 05
- **Maryland State and County Income Tax Withholding:**
 - The minimum Standard Deduction has changed from \$1,500 to \$1,550.
 - The maximum Standard Deduction has changed from \$2,250 to \$2,300.
 - Datamart Query: Tax State = 24
- **Mississippi State Income Tax Withholding:**
 - The default marital status in the event the marital status is blank or invalid has changed from MARRIED BOTH SPOUSES WORKING to blank (No W-4 Filed).
 - The default exemption based on marital status is changed to zero if the employee has not filed a state W-4 form.
 - The standard deduction for employees claiming MARRIED BOTH SPOUSES WORKING has changed from \$4,600 to \$2,300.
 - The tax table has changed.
 - Datamart Query: Tax State = 28

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.

The Interior Business Center Payroll website is updated frequently; you may view the state tax formulas here: <http://www3.ibc.doi.gov/services/hr/payroll/payrolltopics/taxFormulas.cfm>.

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