IRS Tax Changes

On December 22, 2017 the President signed the Tax Cut and Job Act Law with an effective date of January 1st, 2018. This new tax legislation encompasses several types of tax changes including a decrease in the income tax rate, doubling of the standard deduction and elimination of personal exemptions. However, the one change that will be most visible to employees/individuals is the change in the federal tax brackets. There are currently seven income tax brackets and federal withholding taxes are calculated at a fixed percentage for each income level. The new tax law includes a percentage change of the federal income tax rate for five of the seven brackets. In each case, the percentage was lowered as illustrated in the matrix below:

Income Tax Rate			Income Levels Based on Filing Status	
2017	**2018**	**Change**	**Single**	**Married-Joint**
10%	10%	None	$0 - $9,525	$0 - $19,050
15%	12%	3% Decrease	$9,525 - $38,700	$19,050 - $77,400
25%	22%	3% Decrease	$38,700 - $82,500	$77,400 - $165,000
28%	24%	4% Decrease	$82,500 - $157,500	$165,000 - $315,000
33%	32%	1% Decrease	$157,500 - $200,000	$315,000 - $400,000
35%	35%	None	$200,000 - $500,000	$400,000 - $600,000
39.60%	37%	2.6% Decrease	$500,000+	$600,000

The District will implement this mandated change retroactive to January 1st, 2018 on the following pay dates:
AA - 2/09/2018 and BB - 2/16/2018

Impact to your paycheck:

Most employees will notice a reduction in their federal tax withholding resulting in an increase in their net pay.

Example:

		Filing	Married	Payroll area:
Income: $	44,443.00	Status:	01	BB

Check before tax change
2/2/2018

DEDUCTIONS SUMMARY		
TAXES	CURR	YTD
FED W/H	166.75	500.25
FICA	107.56	322.67
MEDICARE	25.15	75.46

NET PAY
1,379.02

Tax change and retro check
2/16/2018

DEDUCTIONS SUMMARY		
TAXES	CURR	YTD
FED W/H	68.68	568.93
FICA	107.55	430.22
MEDICARE	25.16	100.62

NET PAY
1,477.09

Check after tax change
3/2/2018

DEDUCTIONS SUMMARY		
TAXES	CURR	YTD
FED W/H	134.06	702.99
FICA	107.56	537.78
MEDICARE	25.15	125.77

NET PAY
1,411.71

Detailed information regarding these tax changes can be found on the Internal Revenue Services (IRS) website at:
https://www.irs.gov/newsroom/2018-withholding-tables-now-available