

GLENDALE COMMUNITY COLLEGE DISTRICT

ADMINISTRATIVE SERVICES

MEMORANDUM

Date: January 23, 2018
To: All Employees
From: Amir Nour, Controller
Subject: Year 2018 Income Tax Changes and Withholding Information – Effective January 1, 2018

Federal and State Income Tax Withholding

The annual federal withholding allowance for one is \$4,150 for year 2018. The federal and state income tax withholding brackets have been revised for 2018.

Employee Social Security/OASDI and Medicare

Social Security/OASDI: The employee rate for 2018 remains unchanged at 6.2 percent. The maximum wages subject to Social Security/OASDI in 2018 has increased to \$128,400.

Medicare: There is no Medicare wage cap for employees. Employee rates remain unchanged at 1.45%; however, the Additional Medicare Tax introduced in 2013 requires that employers withhold an additional 0.9 percent on wages paid to employees in excess of \$200,000 in a calendar year. This additional tax must be withheld in the pay period in which wages are paid in excess of \$200,000.

<u>Tax Summary</u>	<u>Year 2017</u>	<u>Year 2018</u>
Social Security/OASDI Rate	6.2 percent	6.2 percent
Medicare Rate	1.45 percent	*1.45 percent
Social Security Maximum Wage Base	\$127,200	\$128,400
Medicare Maximum Wage Base	no limit	no limit
Maximum Medicare Contribution (1.45%)	no limit	no limit

***Additional Medicare Tax = 0.9 percent for wages in excess of \$200,000 per year.**

Federal Withholding - Form W-4

You must file a new or amended Form W-4, “*Employee’s Withholding Allowance Certificate*,” if your filing status, exemption allowances, or exempt status have changed since your last W-4 was filed. If you claimed exemption from withholding tax on your year 2017 Form W-4, you must file a new form for year 2018 no later than February 15, 2018, if you want to continue to claim the exemption in 2018. If you no longer claim exempt status, you must file a new W-4 for January tax withholding.

State Withholding - Form DE-4

Unless you file a state Form DE-4, state tax withholding is based on your **federal W-4**. You may elect to have different federal and state exemption levels or claim state personal estimated withholding allowances by filing both forms.

Some items in this notice are intended to comply with employee notification requirements of the IRS. If you have questions regarding this information, please contact the Payroll Office.