

GLENDALE COMMUNITY COLLEGE DISTRICT

ADMINISTRATIVE SERVICES

MEMORANDUM

Date: January 2, 2019
To: All Employees
From: Amir Nour, Controller
Subject: Year 2019 Income Tax Changes and Withholding Information – Effective January 1, 2019

Federal and State Income Tax Withholding

Newly-released federal tax changes will be implemented for payrolls issuing on and after January 1, 2019. The federal and state income tax withholding brackets have been revised and are attached to this e-mail.

Employee Social Security/OASDI and Medicare

Social Security/OASDI: The employee rate for 2019 remains unchanged at 6.2 percent. The maximum wages subject to Social Security/OASDI in 2019 has increased to \$132,900.

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 2018</u>	<u>Year 2019</u>
Annual Federal Withholding Allowance	\$4,150	\$4,200
Social Security/OASDI Rate	6.2 percent	6.2 percent
Medicare Rate	1.45 percent	*1.45percent
Social Security Maximum Wage Base	\$128,400	\$132,900
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 has changed since your last W-4 was filed. If you claimed exemption from withholding tax in 2018, you must amend your current Form W-4 for year 2019 no later than February 15, 2019, if you want to continue to claim the exemption in 2019. If you no longer wish to 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 Form W-4**. You may elect to have different federal and state exemption levels by filing both forms with your employer. Some items in this notice are intended to comply with employee notification requirements of the IRS. Should you have any questions regarding this information, please contact the Payroll Office.

YEAR 2019 TAX RATES

and Other Employee Deductions
See Reverse for General Tax Calculation Procedures

FEDERAL ANNUAL TAX RATES

Table "A"

Rates are applied to *annual taxable earnings** (annual gross earnings less salary reductions) less \$4,200 times number of exemptions claimed.

SINGLE person — including HEAD OF HOUSEHOLD

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to be withheld is:

Not over \$3,800 \$0

Over	But not over—	Computed tax is:	Of excess over—
\$ 3,800—	\$ 13,500 ...	\$ 0.00 plus 10.0%	\$ 3,800
\$ 13,500—	\$ 43,275 ...	\$ 970.00 plus 12.0%	\$ 13,500
\$ 43,275—	\$ 88,000 ...	\$ 4,543.00 plus 22.0%	\$ 43,275
\$ 88,000—	\$ 164,525 ...	\$ 14,382.50 plus 24.0%	\$ 88,000
\$ 164,525—	\$ 207,900 ...	\$ 32,748.50 plus 32.0%	\$ 164,525
\$ 207,900—	\$ 514,100 ...	\$ 46,628.50 plus 35.0%	\$ 207,900
\$ 514,100		\$153,798.50 plus 37.0%	\$ 514,100

MARRIED person

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to be withheld is:

Not over \$11,800 \$0

Over	But not over—	Computed tax is:	Of excess over—
\$ 11,800—	\$ 31,200 ...	\$ 0.00 plus 10.0%	\$ 11,800
\$ 31,200—	\$ 90,750 ...	\$ 1,940.00 plus 12.0%	\$ 31,200
\$ 90,750—	\$ 180,200 ...	\$ 9,086.00 plus 22.0%	\$ 90,750
\$ 180,200—	\$ 333,250 ...	\$ 28,765.00 plus 24.0%	\$ 180,200
\$ 333,250—	\$ 420,000 ...	\$ 65,497.00 plus 32.0%	\$ 333,250
\$ 420,000—	\$ 624,150 ...	\$ 93,257.00 plus 35.0%	\$ 420,000
\$ 624,150		\$164,709.50 plus 37.0%	\$ 624,150

OTHER RATES

OASDI Tax Rate—Employee and Employer (Not including Medicare)	6.2 percent
OASDI maximum wage base—Employee and Employer	\$132,900.00
Maximum OASDI contribution—Employee and Employer	\$8,239.80
Medicare Tax Rate	1.45 percent
Additional Medicare Tax—Employee wages over \$200,000	0.90 percent
Medicare maximum wage base	No limit
Medicare maximum contribution	No limit
School Employees Fund SUI Rate (FY18-19)	0.05 percent
CA Disability Insurance (SDI)	1.0 percent
SDI maximum wage base	\$118,371.00
CalSTRS/CalPERS	See employer
IRS Standard Mileage Rate (1-1-19)	58.0 cents per mile
Federal Supplemental Tax Rate	22 percent
State Supplemental Tax Rate	6.6 percent
State Minimum Wage—More than 50 Employees	\$12.00/hr.

SALARY REDUCTIONS

Salary reductions which reduce taxable earnings include Employee contributions to:

Deferred Tax Sheltered Annuity (403b/TSA)	Deferred Compensation (457b)
Employee portion of CalSTRS/CalPERS	Section 125 Plan benefits
Alternative Retirement Plans	

STATE ANNUAL TAX RATES

Table "B"

Rates apply to *annual taxable earnings** (annual gross earnings less salary reductions) as follows:

- a) \$0 tax if annual taxable earnings are equal to or less than \$14,573 if SINGLE or MARRIED — 0 or 1 exemption \$29,146 if UNMARRIED HEAD of HOUSEHOLD or MARRIED—2 or more exemptions
- b) Apply rate to annual taxable earnings less standard deduction and less \$1,000 for each Estimated Deduction** Allowance

Standard deduction	
MARRIED — 0 or 1 exemption	\$4,401
2 or more exemptions	\$8,802
SINGLE —	\$4,401
UNMARRIED HEAD of HOUSEHOLD —	\$8,802

SINGLE, MARRIED WITH DUAL INCOME, or MARRIED WITH MULTIPLE EMPLOYERS

If the taxable income is:

Over	But not over—	Computed tax is:	Of amount over—
\$ 0—	\$ 8,544 ...	\$ 0.00 plus 1.10%	\$ 0
\$ 8,544—	\$ 20,255 ...	\$ 93.98 plus 2.20%	\$ 8,544
\$ 20,255—	\$ 31,969 ...	\$ 351.62 plus 4.40%	\$ 20,255
\$ 31,969—	\$ 44,377 ...	\$ 867.04 plus 6.60%	\$ 31,969
\$ 44,377—	\$ 56,085 ...	\$ 1,685.97 plus 8.80%	\$ 44,377
\$ 56,085—	\$ 286,492 ...	\$ 2,716.27 plus 10.23%	\$ 56,085
\$ 286,492—	\$ 343,788 ...	\$ 26,286.91 plus 11.33%	\$ 286,492
\$ 343,788—	\$ 572,980 ...	\$ 32,778.55 plus 12.43%	\$ 343,788
\$ 572,980—	\$1,000,000 ...	\$ 61,267.12 plus 13.53%	\$ 572,980
\$1,000,000 and over		\$ 119,042.93 plus 14.63%	\$1,000,000

MARRIED person—

If the taxable income is:

Over	But not over—	Computed tax is:	Of amount over—
\$ 0—	\$ 17,088 ...	\$ 0.00 plus 1.10%	\$ 0
\$ 17,088—	\$ 40,510 ...	\$ 187.97 plus 2.20%	\$ 17,088
\$ 40,510—	\$ 63,938 ...	\$ 703.25 plus 4.40%	\$ 40,510
\$ 63,938—	\$ 88,754 ...	\$ 1,734.08 plus 6.60%	\$ 63,938
\$ 88,754—	\$ 112,170 ...	\$ 3,371.94 plus 8.80%	\$ 88,754
\$ 112,170—	\$ 572,984 ...	\$ 5,432.55 plus 10.23%	\$ 112,170
\$ 572,984—	\$ 687,576 ...	\$ 52,573.82 plus 11.33%	\$ 572,984
\$ 687,576—	\$1,000,000 ...	\$ 65,557.09 plus 12.43%	\$ 687,576
\$1,000,000—	\$1,145,961 ...	\$ 104,391.39 plus 13.53%	\$1,000,000
\$1,145,961 and over		\$ 124,139.90 plus 14.63%	\$1,145,961

UNMARRIED/HEAD OF HOUSEHOLD—

If the taxable income is:

Over	But not over—	Computed tax is:	Of amount over—
\$ 0—	\$ 17,099 ...	\$ 0.00 plus 1.10%	\$ 0
\$ 17,099—	\$ 40,512 ...	\$ 188.09 plus 2.20%	\$ 17,099
\$ 40,512—	\$ 52,224 ...	\$ 703.18 plus 4.40%	\$ 40,512
\$ 52,224—	\$ 64,632 ...	\$ 1,218.51 plus 6.60%	\$ 52,224
\$ 64,632—	\$ 76,343 ...	\$ 2,037.44 plus 8.80%	\$ 64,632
\$ 76,343—	\$ 389,627 ...	\$ 3,068.01 plus 10.23%	\$ 76,343
\$ 389,627—	\$ 467,553 ...	\$ 35,116.96 plus 11.33%	\$ 389,627
\$ 467,553—	\$ 779,253 ...	\$ 43,945.98 plus 12.43%	\$ 467,553
\$ 779,253—	\$1,000,000 ...	\$ 82,690.29 plus 13.53%	\$ 779,253
\$1,000,000 and over		\$ 112,557.36 plus 14.63%	\$1,000,000

- c) Reduce result of b) by personal allowance tax credit to arrive at annual tax: Personal allowance credit*** for Single, Married, and Head of Household
- 0 Allowance — \$0
- 1 or More Allowances — \$129.80 for each allowance

* See reverse side for calculation of annual taxable earnings.
** Estimated deductions are not the same as the personal allowances on Form DE-4, California "Employee's Withholding Allowance Certificate." Apply personal allowances credit only in step (c) of the computation.
*** Credit is for personal allowances only; exclude estimated deduction allowances.