TO: All State Agencies, All State Employees

FROM: Robert J. Murphy, Director
       Central Payroll Bureau

DATE: January 16, 2018

SUBJECT: 2018 Federal Tax Rates

Central Payroll is pleased to announce that the new 2018 Federal Tax Rates (as a result of the Federal Tax Cuts and Jobs Act) have been implemented.

The new law makes a number of changes for 2018 that affect individual taxpayers. The new tables reflect an increase in the standard deduction, a repeal of personal exemptions and multiple changes in the tax rates/brackets which were designed to work with existing W-4's that employees have on file. State employees should see the new calculations of their Federal Taxes starting with the following Pay Dates:

- Regular Employees: Check pay date of 01/24/2018
- University Employees: Check pay date of 01/26/2018
- Contractual Employees: Check pay date of 01/31/2018

We are hopeful that specifics concerning the new tax rate tables and their adjusted percentages will be posted on the Central Payroll Web site by the end of January 2018.

Under the new tax law, personal exemptions were suspended from 2018 - 2025, a move that would require the Internal Revenue Service (IRS) to update their Form W-4, the Employee’s Withholding Allowance Certificate. As of this date, no new W-4 Form has been released to employers by the IRS, however we anticipate one will be provided by the end of January. We will continue to monitor and will provide a new W-4/MW507 on our web site as soon as possible. In the meantime, all questions concerning the submission of new W-4’s should be referred to Benjamin Pittsley, contact information is as follows:

   Email - Bpittsley@comp.state.md.us
   Phone - 410-260-7342

2017 W-2’s have been printed and prepped for mailing. Most W-2’s will be mailed by COB 01/19/2018. We anticipate W-2 data to be available online via POSC by COB 01/17/2018.