

2018 Payroll and Tax Changes

On December 22, President Trump signed H.R. 1, also known as the Tax Cuts and Jobs Act, into law. Listed below are some key points of the new legislation as well as changes for tax year 2018. Additional information will be communicated as we receive clarification and guidance on other important related topics such as of unrelated business income tax, qualified pre-tax parking, excise tax on compensation, non-resident alien tax withholding, etc.

Social Security Wage Base: The wage base subject to social security has increased from \$127,200 to \$128,400 for 2018.

Supplemental Tax Rate: The supplemental tax rate has decreased from 25% to 22%.

2018 Withholding Tax Table: The new 2018 withholding tables will be available in Workday with the release of the January 19 service update. Starting with the first pay in February employees may see a change in their pay as a result of the new withholding allowance and new wage brackets reflected in the updated withholding tables. Employees may contact Payroll with questions regarding any withholding changes.

Moving expenses. Effective for tax years 2018 through 2025, payments or reimbursements made to employees for all job-related moving expenses are taxable income to the employee and subject to federal income tax withholding, social security, and Medicare taxes at the time of payment.

The Controller's Office Tax Services staff continues to review the new legislation and will communicate key issues impacting the University and its employees.