



UCF Payroll Tax Changes for 2020

This memo contains information about payroll tax changes for the calendar year 2020. As a reminder, Payroll Services cannot offer tax advice. You may wish to discuss the changes outlined below and the overall impact to your situation with your tax professional. To review your paychecks, visit <http://my.UCF.edu> and select Employee Self Service.

1. 2020 Qualified Transportation Fringe Benefits (parking)

On December 20, 2019, legislation was signed which rescinded the Internal Revenue Code Section 512 (a)(7), thus reverting the tax treatment of parking permits paid through payroll deduction from post-tax to pre-tax. This information was not available in time for the calculation of the paychecks on payday 01/03/20. If you had a post-tax parking deduction on that paycheck, the university will calculate and process a tax refund to you as soon as administratively possible. Paychecks with deductions for parking beginning with payday 01/17/20 were calculated using the pre-tax method.

2. 2020 Federal Withholding Tax

On December 20, 2019, the IRS released Publication 15-T, Federal Income Tax Withholding Methods, with updated income tax withholding tables for 2020. Your paycheck amount was affected beginning with payday January 17, 2020. To review IRS Publication 15-T, please copy and paste this link into your internet browser. <https://www.irs.gov/pub/irs-pdf/p15t.pdf>

3. Federal Withholding Tax Exemption

For employees who claimed exemption from federal withholding tax in 2019, this exemption expires on February 17, 2020. Employees who are still eligible for exemption will need to update their W-4 in Employee Self Service or submit an updated Form W-4 (2020). If a form is completed, it must be submitted to Human Resources, Attn: Payroll Services, no later than February 10, 2020, in order for tax exemption to continue.

4. Social Security Tax Wage Base

The social security (OASDI) tax wage base increased from \$132,900 to \$137,700 for tax year 2020. The employee and employer rate remains at 6.20%. The maximum social security tax employees and employers will each pay in 2020 is \$8,537.40.

5. Medicare Taxes for High Earners

The employee and employer tax rate for Medicare taxes is 1.45% on all taxable earnings. As part of the Patient Protection and Affordable Care Act, beginning with tax year 2013, employees

experienced an increase in the rate to 2.35% on all taxable wages they earn over \$200,000 and this continues for tax year 2020. The employer rate will remain at 1.45% on all taxable earnings.

6. Supplemental Tax Rate

The supplemental tax rate will remain at 22% (for amounts under \$1 million).

For questions regarding your UCF paycheck, contact:

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