



Human Resources

UNIVERSITY OF CENTRAL FLORIDA

UCF Human Resources
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Information related to 2017 changes in the Federal Withholding Tax This information will impact paycheck amounts in 2017.

Details

In December 2016, the IRS released Notice 1036 with updated income tax withholding tables for 2017. Read more: <https://www.irs.gov/pub/irs-pdf/n1036.pdf>

Check and update your W-4 tax information

Please review what you have claimed on your Form W-4 (Employee's Withholding Allowance Certificate) to ensure it still works best for your personal situation. You can make changes through MyUCF:

1. Enter your PID and Password in myUCF (<http://my.ucf.edu>)
2. Click on Employee Self Service
3. Click on Payroll and Compensation
4. Click on W-4 Tax Information

W-4 Federal Withholding Tax Exemption

For employees who claimed exemption from federal withholding tax in 2016, this exemption expires on February 15, 2017. 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 (2017). If a form is completed, it must be submitted to Human Resources, Attn: Payroll Services, no later than February 6, 2017, in order for tax exemption to continue.

Social Security Tax Wage Base

The social security (OASDI) tax wage base increased from \$118,500 to \$127,200 for tax year 2017. The employee and employer rate remains at 6.20%. The maximum social security tax employees and employers will each pay in 2017 is \$7,886.40.

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 will experience an increase in the rate to 2.35% on all taxable wages they earn over \$200,000 and this continues for tax year 2017. The employer rate will remain at 1.45% on all taxable earnings.

Employee Tuition Waivers & Taxation

Section 127 of the Internal Revenue Code affords employees up to \$5,250 in tax-free educational benefits. This portion of the code has been made permanent. Please be advised that the value of the benefit in excess of \$5,250 will be taxed at the supplemental tax rate (25%) for federal withholding, plus the appropriate Social Security and Medicare tax rates. Those taxes will be deducted from your paycheck(s) and be included on your Form W-2.

Supplemental Tax Rate

The supplemental tax rate remains at 25% (for amounts under \$1million).

**As a reminder, Payroll Services cannot offer tax advice.
If you have tax-related questions, you should seek assistance from a tax professional.**