

FIGURING YOUR FEDERAL TAXES
EFFECTIVE January 1, 2018

MONTHLY PAYROLL

To determine the tax amount to be withheld, take your current Fed Taxable Gross (not total gross), displayed in the Paycheck Summary portion of your pay stub, and multiply it by 12 (12 paydays in a year). Then subtract \$4,150 for each exemption claimed, which is displayed at the top right of your stub. Use the remainder and the appropriate annual tax table, based on claiming as 'Single' or 'Married', to establish your tax on an annual basis. Divide this annual tax figure by 12 to arrive at the Federal Tax withheld from your current monthly pay.

BIWEEKLY PAYROLL

To determine the tax amount to be withheld, take your current Fed Taxable Gross (not total gross), displayed in the Paycheck Summary portion of your pay stub, and multiply it by 26 (26 paydays in a year). Then subtract \$4,150 for each exemption claimed, which is displayed at the top right of your stub. Use the remainder and the appropriate annual tax table, based on claiming 'Single' or 'Married', to establish your tax on an annual basis. Divide this annual tax figure by 26 to arrive at the Federal Tax withheld from your current biweekly pay.

ANNUAL TAX TABLE

<u>SINGLE</u> person (including head of household) -				<u>MARRIED</u> person -			
If the amount of wages (after subtracting Withholding allowances) is:		The amount of income tax to withhold is:		If the amount of wages (after subtracting Withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$3,700.....		\$0		Not over \$11,550		\$0	
Over	But not over		of excess over	Over	But not over		of excess over
\$ 3,700	\$ 13,225	\$0.00 plus 10%	\$3,700	\$ 11,550	\$ 30,600	\$0.00 plus 10%	\$11,550
\$ 13,225	\$ 42,400	\$952.50 plus 12%	\$13,225	\$ 30,600	\$ 88,950	\$1,905.00 plus 12%	\$30,600
\$ 42,400	\$ 86,200	\$4,453.50 plus 22%	\$42,400	\$ 88,950	\$ 176,550	\$8,907.00 plus 22%	\$88,950
\$ 86,200	\$161,200	\$14,089.50 plus 24%	\$86,200	\$176,550	\$ 326,550	\$28,179.00 plus 24%	\$176,550
\$161,200	\$203,700	\$32,089.50 plus 32%	\$161,200	\$326,550	\$ 411,550	\$64,179.00 plus 32%	\$326,550
\$203,700	\$503,700	\$45,689.50 plus 35%	\$203,700	\$411,550	\$ 611,550	\$91,379.00 plus 35%	\$411,550
\$503,700		\$150,689.50 plus 37%	\$503,700	\$611,550		\$161,379.00 plus 37%	\$611,550

FIGURING YOUR STATE TAXES
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Employees paid MONTHLY – Subtract \$337.50 from your Federal taxable monthly gross pay. The remainder is subject to withholding at the rate of 4.25%

Employees paid BIWEEKLY – Subtract \$155.77 from your Federal taxable biweekly gross pay. The remainder is subject to withholding at the rate of 4.25%

2018 FICA TAX

Take your FICA Taxable Gross, displayed at the bottom of your pay stub and apply rates as follows:

The 2018 Social Security (FICA) tax contains two parts. The Social Security (Old Age, Survivors, and Disability Insurance) FICA tax is based on the first \$128,400 paid at the rate of 6.2% with a maximum amount withheld of \$7,960.80. The Medicare (Medical Hospital Insurance) FICA tax is based on all earnings paid at the rate of 1.45%. (There is no limit on the Medicare FICA gross. The limit was eliminated as part of the Omnibus Budget Reduction Act of 1993). In addition to the 1.45% Medicare tax rate an additional 0.9% will be withheld on Medicare wages over \$200,000.

2018 CITY TAXES

Personal and dependency exemptions allowable for Michigan income tax purposes are also allowable for Michigan cities. The annual allowance for all cities is \$600. The allowance equals \$23.08 biweekly or \$50.00 monthly

The rate on taxable earnings is 1% for residents and 0.50% for non-residents. These rates are uniform for all cities except Detroit and Grand Rapids. For Detroit, the rate is 2.4% for residents and 1.2% for non-residents. For Grand Rapids, the rate is 1.5% for residents and 0.75% for non-residents.

**SEE REVERSE
ADDITIONAL INFORMATION**

COMPLETING TAX FORMS W-4 and MI-W4

To complete the Federal W-4 Form and the State MI-W4 Form, use the self-service functionality under Employee Business in Wolverine Access at <https://wolverineaccess.umich.edu>. Remember, you need your username and Kerberos password to log in. Do not send in a hardcopy form if you enter your information in Wolverine Access.

If you are a non-resident alien, or need to complete a non-Michigan state form, or cannot access self-service, then visit the Payroll web site for a list of hardcopy forms - <http://www.finance.umich.edu/finops/payroll/forms/statew4forms>.

TAX “EXEMPT” STATUS FOR FEDERAL INCOME TAX

If you are eligible to begin or continue a tax “exempt” status during 2018, YOU MUST COMPLETE a NEW FEDERAL W-4 FORM EACH YEAR. If you qualify and decide to submit a Federal Form W-4, remember to write the word “Exempt” in Box 7 on the W-4.

This form will expire on February 15, 2018. You will begin having taxes withheld again unless you have completed a new Form W-4 to continue the EXEMPT STATUS in 2018. The exemption applies only to income tax, not to Social Security or Medicare Tax.

An individual can claim exemption from withholding for 2018 only if **both** of the following apply:

- For 2017 you had a right to a refund of all federal income tax withheld because you had no tax liability.
- For 2018 you expect a refund of all federal income tax withheld because you expect to have no tax liability.
 - If single, an individual can generally claim exempt if the total wages and other income will not exceed \$12,000.
 - If married, an individual can generally claim exempt if combined wages and other income will not exceed \$24,000.

STUDENTS:

SPECIAL CONSIDERATION SHOULD BE GIVEN IF A STUDENT’S PARENT(S) OR OTHER INDIVIDUAL WILL CLAIM THE STUDENT AS A DEPENDENT ON THEIR ANNUAL TAX RETURN

- In this situation, a student should not claim exempt if any of the following apply:
 - Income is in excess of \$1,050.00 and includes unearned income in excess of \$350.00
 - Earned income is in excess of \$12,000.00.

NON-RESIDENT ALIENS are not allowed to claim exempt from income taxes by using Box 7.

TAX “EXEMPT” STATUS FOR STATE INCOME TAX

Individuals must be eligible and currently claiming exempt for Federal income tax purposes to be eligible to claim exempt for Michigan income tax. Also, total earnings must be \$4,050 or less for the calendar year.