



National Finance Center Customer Notification

Federal Income Tax

January 10, 2018

Dear Customer:

The National Finance Center (NFC) is informing its customers that beginning with pay period (PP) 25 some employees may see a change in their federal or state withholding tax amounts. This is due to the 2018 tax year having 27 salary payments instead of the usual 26 salary payments. Employee's tax deductions could be affected as bi-weekly salary payments are annualized to compute the salary from which related tax withholdings are calculated. Please refer to the NFC Bulletin located on the NFC home page; https://www.nfc.usda.gov/Publications/HR_Payroll/Taxes/Bulletins/2018/TAXES-18-02.htm

Also, please be aware that employee tax withholdings are likely to change again with the processing of the Annual Pay Raise which will occur in pay period one of 2018.

These new federal withholding rates associated with the tax reform package passed by Congress in December, 2017, have not been implemented yet. The tax tables are currently under review by the Internal Revenue Service (IRS). The IRS emphasizes this information will be designed to work with the existing Form W-4 that employees have already filed, and no further action by employees are needed at this time.

NFC will implement these withholding changes once IRS completes their review and those changes are updated by our software provider, Alltax. It is anticipated that the new withholding amounts related to this tax reform package will occur sometime in February of 2018.

Federal employees with questions concerning this notification should contact their Servicing Personnel Office. Authorized Agency representatives with questions concerning this notification should contact NFC's Contact Center at either 1-855-632-4468; via email to NFCcontactcenter@nfc.usda.gov or via the ServiceNow Customer Service Portal (CSP).