

2017 W-2 & 1095-C forms will be distributed by Jan.31

To quote Benjamin Franklin, *“In this world, nothing can be said to be certain, but death and taxes.”*

It is important for each employee to verify the name and address on their most recent paystub and promptly report any errors to the Personnel Office.

As required by law, the form W-2 will be hand distributed or mailed by the January 31, 2018 deadline. The 2017 1094-C form is expected to be mailed from Highmark about the same time and the employer copy of the 1095-C will also be provided by January 31, 2018.

The figures on the form W-2 reflect total taxable wages paid and the value of taxable fringe benefits. Fringe benefits are those extra special non-cash remunerations provided by employers, such as a vehicle to commute back and forth to work, life insurance in excess of \$50,000, uniforms, and laundry services. The third-party disability participants also need to have those amounts added to their taxable income.

The few fortunate folks who still commute in a County-owned vehicle will have an imputed income amount added to their W-2 based on the number of days they drove their vehicle to and from work (\$3.00 a day for regular employees or interestingly, a percentage of the vehicle’s value for elected officials).

Many employees do not realize that most uniforms, laundering of uniforms, and work shoes/boots are considered a taxable fringe benefit. So when your W-2 arrives, don’t be surprised to find a higher income figure than actual wages. The higher figure reflects the imputed income of these valuable benefits and the social security taxes paid by the employer on the value of the imputed income.

Perhaps the greatest non-taxed fringe benefit provided by many employers is health insurance. Dental insurance, life insurance under \$50,000 (imputed income is already added to those employees who earn over \$50,000 for the value of the extra life insurance provided by the County), long term disability insurance, and a few others are also tax free. The value of almost everything else is taxable.

The W-2 document will not be uploaded to the County’s e-Pay website due to the personal information contained on it.

At tax time, County employees often express concern that they may not be having enough income taxes withheld from their biweekly paycheck due to the change in withholding tables. The tables adjusted in January 2018 to reflect the new tax code changes approved by Congress just before Christmas and every employee should consider the potential impact. It is especially imperative for individuals with additional income or a working spouse.

Single	But not over	2018 Tax withheld	Of excess over	Married	But not over	2018 Tax withheld	Of excess over
\$3,700	\$13,225	\$0 plus 10%	\$3,700	\$11,550	\$30,600	\$0 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 + 24%	\$86,200	\$176,550	\$326,550	\$28,179.00 + 24%	\$176,550
\$161,200	\$203,700	\$32,089.50 + 32%	\$161,200	\$326,550	\$411,550	\$64,179.00 + 32%	\$326,550
\$203,700	\$503,700	\$45,689.50 + 35%	\$203,700	\$411,550	\$611,550	\$91,379.00 + 35%	\$411,550
\$503,700	n/a	\$150,689.50 + 37%	\$503,700	\$611,550	n/a	\$161,379.00 + 37%	\$611,550

The newly “doubled” standard deduction will come into play when you complete your 2018 Federal Income Tax Return by the April 15, 2019 due date.

While all the details about the new tax law have yet to be released, a very simplified way to determine the appropriate withholding is to subtract the standard deduction for the tax bracket (single or married) and the amount for each exemption claimed from the total household income. Don’t forget to add in all income for the household, such as pensions, second income, spouse’s income, interest and dividends, etc. This mathematical exercise should provide a reasonable estimated taxable income figure.

Apply the tax rate to the estimated figure to determine the likely taxes due. Now evaluate if the amount already withheld and future withholdings will be enough to cover what will be needed by the end of the calendar year.

If the estimated income amount of taxes being withheld does not appear to cover the expected tax figure required, it may be wise to have an additional amount withheld by changing the W-4 form on file in the Personnel Office.

Keep in mind the value of taxable fringe benefits, such as uniforms, laundering services, take home vehicle, County provided life insurance over \$50,000, etc. can cause a person to advance into the next tax bracket.

To see all of the changes for each tax bracket go to www.irs.gov. Look for Notice 1036 Percentage Method Tables for Income Tax Withholding Table #7. You will need to look at the table that is for your appropriate status either single or married. If you have any questions, contact the Personnel Office at 744-2387.

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