

MEMORANDUM

TO: Personnel Specialists

FROM: Jennifer Gehrt
Associate Director

DATE: December 15, 2003

RE: 2004 Earned Income Credit Tables,
2004 Social Security Wage Base, 2004 Form W-4 Exemption Renewal, and
2004 Form W-4 and Form W-5

The current Federal withholding tax tables will remain in effect. The federal standard deduction for one withholding allowance remains at \$3,100.00.

The current Kansas withholding tax tables will remain in effect. The Kansas standard deduction for one withholding allowance remains the same at \$2,250.00.

Although there are 27 pay dates in calendar year 2004, federal and state withholding calculations will be annualized using 26 pay periods for bi-weekly payrolls. Employees should be advised to review their current W-4 status and the number of withholding allowances claimed.

The percentage tables for computing the Advance Earned Income Credit (EIC) payments are revised effective for all paychecks issued on or after January 1, 2004 (Attachment 1).

Beginning January 1, 2004, the social security wage base for OASDI increases to \$87,900, up from the 2003 wage limit of \$87,000. The employer and employee contribution rates remain at 6.2% with a maximum contribution of \$5,449.80. There is no limit on the Medicare wage base and the employer and employee contribution rates remain at 1.45%.

The 2004 versions of the Form W-4, Employee's Withholding Allowance Certificate, and Form W-5, Earned Income Credit Advance Payment Certificate are available on the HR website at <http://www.ksu.edu/hr/forms>. Please use the 2004 forms for any paycheck dated January 1, 2004 or later, and destroy all 2003 forms. Additionally, remind your employees (except non-resident aliens, employees working or living in another state, and employees claiming exempt or more than 10 allowances) that they are now able to change W-4 information in Employee Self Service.

Enclosed is a listing of employees in your department who are currently claiming 'Exempt' from federal and state income tax withholding, if applicable. Tax law requires a new Form W-4 to be filed each year by those employees who claim exempt. **Exempt status expires February 15, each year.**

Employees may be eligible for the withholding tax exempt status if the following criteria are met:

1. The employee incurred no federal income tax liability for 2003; and,
2. The employee anticipates no federal income tax liability to be incurred for 2004.

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Employees must complete a new 2004 Form W-4 to extend or change their exempt status for the calendar year 2004. Please contact the employees on the enclosed listing, as well as new employees who are not listed, to advise them of these mandatory requirements. Employees working concurrently in more than one department have been included on each department listing. However, the employee needs only to submit one W-4 Exempt Renewal for each company of employment. **This listing does not include non-resident alien employees as they may only claim exempt from withholding if they are eligible for tax treaty benefits. Non-resident alien tax treaty information was provided in a separate memo.**

A new 2004 Form W-4 must be submitted to Human Resources as soon as possible, but no later than January 16, 2004. If a new Form W-4 is not received, the employee's tax status will be changed to Single and Zero exemptions per IRS regulations, on the February 13, 2004 paycheck.

If you have any questions, please contact your payroll processing liaison (Dennis Jones or Anna Carroll) at (785) 532-6277. Thanks for your assistance.

Attachments
Enclosures

Attachment 1

ADVANCE EARNED INCOME CREDIT
2004

ANNUAL
SINGLE PERSON OR HEAD OF HOUSEHOLD DETERMINING THE AMOUNT OF
PAYMENT TO BE MADE

To determine the amount of advance earned income credit use the following tables. Do not deduct the withholding exemption from the gross wages.

IF THE AMOUNT
OF WAGES (BEFORE
DEDUCTING WITHHOLDING
ALLOWANCES) IS:

THE AMOUNT OF PAYMENT TO BE
MADE SHALL BE:

<u>OVER</u>	<u>BUT NOT OVER</u>
\$ 0.00	\$ 7,660.00
\$ 7,660.00	\$14,040.00
\$14,040.00	

20.40% OF WAGES
\$1,563.00
\$1,563.00 LESS 9.588% OF WAGES
IN EXCESS OF \$14,040.00

ANNUAL
MARRIED PERSON WITHOUT SPOUSE FILING CERTIFICATE

IF THE AMOUNT
OF WAGES (BEFORE
DEDUCTING WITHHOLDING
ALLOWANCES) IS:

THE AMOUNT OF PAYMENT TO BE
MADE SHALL BE:

<u>OVER</u>	<u>BUT NOT OVER</u>
\$ 0.00	\$ 7,660.00
\$ 7,660.00	\$15,040.00
\$15,040.00	

20.40% OF WAGES
\$1,563.00
\$1,563.00 LESS 9.588% OF WAGES
IN EXCESS OF \$15,040.00

ANNUAL
MARRIED PERSON WITH BOTH SPOUSES FILING CERTIFICATE

IF THE AMOUNT
OF WAGES (BEFORE
DEDUCTING WITHHOLDING
ALLOWANCES) IS:

THE AMOUNT OF PAYMENT TO BE
MADE SHALL BE:

<u>OVER</u>	<u>BUT NOT OVER</u>
\$ 0.00	\$ 3,830.00
\$ 3,830.00	\$ 7,520.00
\$ 7,520.00	

20.40% OF WAGES
\$781.00
\$781.00 LESS 9.588% OF WAGES
IN EXCESS OF \$7,520.00