

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NATIONAL HUMAN RESOURCES MANAGEMENT CENTER
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To: All Center Employees and WO Field BIA Liaison Office Employees

From: Director, Human Resources Management Center

Subject: Upcoming Payroll Actions

All employees who claim complete exemption from Federal tax withholding must file a new Form W-4 (Employee's Withholding Allowance Certificate) by February 15, 2001. The Internal Revenue Service (IRS) regulations require that if the new form is not filed by that date, the employer must withhold taxes as if the employee was a single with no exemptions. This will continue until a new form is filed. The Earned Income Credit Advance Payment Certificate, Form W-5, expires at the end of each calendar year. Eligible employees must file a new certificate each year. Copies of 2001 Form W-4 and Form W-5 can be obtained in the Forms Center of National Human Resources Management Center.

The Payroll Office is required to submit copies of all W-4's to the IRS when the employee (1) claims more than 10 withholding allowances, or (2) claims exemption from withholding. The IRS will determine the validity of the individual W-4's. If the IRS determines the certificate to be invalid, it will instruct Payroll to withhold at the rate it deems valid until a new W-4 is filed. The Biweekly Federal Income Tax Withholding Tables for 2001 are attached. If participating in the Thrift Savings Plan, subtract your biweekly Thrift contribution from your biweekly gross pay before utilizing the Tax Table.

The 2001 Social Security wage base for OASDI is \$80,400. Medicare (hospital insurance) tax applies to all of an employee's wages. The OASDI tax rate will remain at 6.2 percent and the Medicare tax rate at 1.45 percent. Employees subject to withholdings from both parts of Social Security will have their wages taxed at the combined 7.65 percent rate up to earnings of \$80,400. Earnings in excess of \$80,400 will be taxed at 1.45 percent. Employees subject to withholdings for Medicare only will be taxed at the 1.45 percent rate for all earnings.

The 2001 taxable earnings year is from pay period 0101, beginning December 17, 2000, through pay period 0126 ending December 15, 2001. The 2001 leave year is from pay period 0103 beginning January 14, 2001, through pay period 0202 ending January 12, 2002.

In pay period 0103 a variety of payroll changes will be implemented. The basic and locality-based comparability raises will be effective. In addition, the health benefit open season changes and rate changes will be implemented, as well as the deductions for the 2001 Combined Federal Campaign.

The rates of employee withholding for all categories of Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) coverage will decrease by 0.4 percent. Full CSRS will return to the former rate of 7.0%: CSRS Offset and FERS contributions will return to 0.8%, Law Enforcement/Firefighter retirement contributions will be 7.5% for CSRS and 1.3% for CSRS Offset and FERS.

A variety of updates to the federal and state income tax withholding rates will be applied in early 2001.

The TSP contribution cap remains at \$10,500.

The exclusion for employer-provided qualified parking remains at \$180.00 per month for 2001. The maximum for the Transportation Fringe Benefits remains at \$65.00 per month (\$30.00 per pay period) for 2001.

Employees should review their Leave and Earnings Statements for the specific changes that affect their gross to net pay and to watch for their 2000 W-2 forms which will be mailed during the last week of January. If you have questions, please call Mary LaBate at 303-236-6688.

Director, NHRMC

1- Attachment

1 - Tables for Percentage Method of Withholding for Wages Paid in 2000 (1 p)

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**Tables for Percentage Method of Withholding
For Wages Paid in 2000**

BIWEEKLY Payroll Period

<i>SINGLE Person</i> (Including head of household)			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$102		\$0	
Over	But Not Over	of excess over --	
\$102	\$1,104	15.0%	\$102
\$1,104	\$2,392	\$150.30 plus 28.0%	\$1,104
\$2,392	\$5,323	\$510.94 plus 31.0%	\$2,392
\$5,323	\$11,500	\$1,419.55 plus 36.0%	\$5,323
\$11,500	\$3,643.27 plus 39.6%	\$11,500

<i>MARRIED Person</i>			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$248		\$0	
Over	But Not Over	of excess over --	
\$248	\$1,919	15.0%	\$248
\$1,919	\$4,046	\$250.65 plus 28.0%	\$1,919
\$4,046	\$6,585	\$846.21 plus 31.0%	\$4,046
\$6,585	\$11,617	\$1,633.30 plus 36.0%	\$6,585
\$11,617	\$3,444.82 plus 39.6%	\$11,617

Withholding Allowance Amount

The 2001 withholding allowance amount by biweekly payroll period is \$111.54. Withheld tax amounts should be rounded to the nearest dollar by dropping amounts under 50 cents and increasing amounts from 50 to 99 cents to the next dollar.

Thrift Savings Plan

If participating in the Thrift Savings and Health Benefit Plan, subtract your biweekly Thrift and Health Benefits Contribution from your biweekly gross pay before using the Tax Table.

