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Updated Bulletin for ALL TSA EMPLOYEES – 02/12/2021

U.S. Federal Income Tax Withholding

Effective Pay Period 26, 2020, the United States Federal income tax withholding formula includes the following changes:

- The annual amount to add to nonresident alien taxable wages prior to calculating withholding has increased from \$8,100 to \$8,250 for withholding based on a pre-2020 Form W-4, Employee's Withholding Certificate.
- The annual amount to add to nonresident alien taxable wages prior to calculating withholding has increased from \$12,400 to \$12,550 for withholding based on a 2020 Form W-4.
- The standard and high income tax tables for each marital status has changed.

Note: No action on the part of the employee is necessary.

- Employees who intend to claim total Federal tax exemption for the calendar year (CY) 2021 must submit a new Form W-4 Effective Pay Period (PP) 04. **Note: February 14, 2021 is the beginning of Pay Period (PP) 04. The Payroll Processing cut-off for PP 04 is Tuesday, February 23, 2021, therefore employees must make changes to their W-4 by Tuesday, February 23, 2021, for the March 8, 2021 pay date.**

Employees who claimed total exemption for CY 2020 and who do not file a new Form W-4 for CY 2021, by the Payroll Processing cut-off date, will have Federal taxes withheld as single taxpayers with zero withholding allowance. A Form W-4 filed for the prior year does not extend tax exemption into CY 2021. A new Form W-4 must be filed for CY 2021.

Tax Formula

Acceptable Exemption Form:	W-4
Basis for Withholding:	Prior to 2020 <ul style="list-style-type: none"> • Marital Status and Federal Exemptions 2020 or Later <ul style="list-style-type: none"> • Marital Status and Steps 2-4 on Form W-4
Acceptable Exemption Data:	Prior to 2020 <ul style="list-style-type: none"> • S, M, Number of Allowances Note: No updates to this information may be made. 2020 or Later <ul style="list-style-type: none"> • MS, MJ, HH, and Steps 2-4 on Form W-4 2020 or later.
TSP Deferred:	Yes
Special Coding:	Prior to 2020

	<ul style="list-style-type: none"> Exemption Code N, Number of Allowances. <p>2020 or Later</p> <ul style="list-style-type: none"> Exemption Code NR is the only acceptable code for NRA. <p>Determine the Total Number of Allowances as follows:</p> <ul style="list-style-type: none"> Claim only one allowance, unless a resident of Canada, Mexico, South Korea, or a United States national. <p>If the Form W-4 is prior to 2020, then the filing status of Single and Head of Household will all select the MS filing status value. Similarly, the filing status of Married will select the MJ filing status value.</p> <p>2020 or Later</p> <ul style="list-style-type: none"> Non-resident aliens are not eligible to claim the child tax credit or credit for other dependents in step 3 of Form W-4 (if the NRA is a resident of Canada, Mexico, or South Korea, or a student from India, or a business apprentice from India, they may claim, under certain circumstances (see Notice 1392, Supplemental Form W-4 Instructions for Non-resident Aliens), the child tax credit or credit for other dependents).
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Withholding Formula (Effective Pay Period 26, 2019)

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Employee Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account-health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (e.g., taxable life insurance) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by the number of pay dates in the tax year to obtain the gross annual wages.
5. If the employee is an NRA, add the amount from the table below based on Form W-4 status.

Form W-4 Status	Amount
Employee hired before 2020 and has not submitted a 2020 or later Form W-4	\$8,250
Employee hired in 2020 or later; or employee has submitted a 2020 or later Form W-4	\$12,550

6. If the employee has submitted a 2020 or later Form W-4, then add the annual Other Income claimed in step 4a of the Form W-4.

7. If the employee has submitted a 2020 or later Form W-4, then subtract the annual deductions claimed in step 4b of the Form W-4.

Note: If the result is less than zero, the Adjusted Annual Wage Amount is zero.

8. Subtract the wage exemption amount from the table below based on Form W-4 status.

Form W-4 Status:	Amount:
Employee has not submitted a 2020 or later Form W-4.	Multiply the number of withholding allowances claimed on previous Form W-4 by \$4,300.
Employee submitted a 2020 or later Form W-4 and the step 2 box is checked on the Form W-4.	\$0
Employee has submitted a 2020 or later Form W-4, the step 2 box is not checked on the Form W-4, and the marital status is Married Filing Jointly.	\$12,900
Employee has submitted a 2020 or later Form W-4, the step 2 box is not checked on the Form W-4 and the marital status is NOT Married Filing Jointly.	\$8,600

Note: If the result is less than zero, the Adjusted Annual Wage Amount is zero.

9. Apply the taxable income computed in step 8 to one of the tables below to determine the Federal income tax withholding.

The Standard Single Tax Table is used for employees who have:

- not submitted a 2020 or later Form W-4 and claim, Married Filing Separately, or Head of Household.
- OR
- submitted a 2020 or later Form W-4, claim Single or Married Filing Separately, and did not check the box in step 2 of the [IRS Form W-4](#) (to view the IRS Form W-4, including tables and worksheets).

Standard Single Tax Table

If the Amount of Taxable Income Is:	The Amount of Federal Income Tax Withholding Should Be:
Over \$0 but not over \$3,950.00	\$0
Over \$3,950.00 but not over \$13,900.00	\$0 plus 10.0% of excess over \$3,950.00
Over \$13,900.00 but not over \$44,475.00	\$995.00 plus 12.0% of excess over \$13,900.00
Over \$44,475.00 but not over \$90,325.00	\$4,664.00 plus 22.0% of excess over \$44,475.00
Over \$90,325.00 but not over \$168,875.00	\$14,751.00 plus 24.0% of excess over \$90,325.00
Over \$168,875.00 but not over \$213,375.00	\$33,603.00 plus 32.0% of excess over \$168,875.00
Over \$213,375.00 but not over \$527,550.00	\$47,843.00 plus 35.0% of excess over \$213,375.00

Over \$527,550.00	\$157,804.25 plus 37.0% of excess over \$527,550.00
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The Standard Married Filing Jointly Tax Table is used for employees who have:

- not submitted a 2020 or later Form W-4 and claim Married.

OR

- submitted a 2020 or later Form W-4, claim Married Filing Jointly, and did not check the box in step 2 of the [IRS Form W-4](#) (to view the IRS Form W-4, including tables and worksheets).

Standard Married Filing Jointly Tax Table

If the Amount of Taxable Income Is:	The Amount of Federal Income Tax Withholding Should Be:
Over \$0 but not over \$12,200.00	\$0
Over \$12,200.00 but not over \$32,100.00	\$0 plus 10.0% of excess over \$12,200.00
Over \$32,100.00 but not over \$93,250.00	\$1,990.00 plus 12.0% of excess over \$32,100.00
Over \$93,250.00 but not over \$184,950.00	\$9,328.00 plus 22.0% of excess over \$93,250.00
Over \$184,950.00 but not over \$342,050.00	\$29,502.00 plus 24.0% of excess over \$184,950.00
Over \$342,050.00 but not over \$431,050.00	\$67,206.00 plus 32.0% of excess over \$342,050.00
Over \$431,050.00 but not over \$640,500.00	\$95,686.00 plus 35.0% of excess over \$431,050.00
Over \$640,500.00	\$168,993.50 plus 37.0% of excess over \$640,500.00

Use the table below for employees who have submitted a 2020 or later Form W-4, claim Head of Household, and did not check the box in step 2 of the [IRS Form W-4](#) (to view the IRS Form W-4, including tables and worksheets).

Standard Head of Household Tax Table

If the Amount of Taxable Income Is:	The Amount of Federal Income Tax Withholding Should Be:
Over \$0 but not over \$10,200.00	\$0
Over \$10,200.00 but not over \$24,400.00	\$0 plus 10.0% of excess over \$10,200.00
Over \$24,400.00 but not over \$64,400.00	\$1,420.00 plus 12.0% of excess over \$24,400.00
Over \$64,400.00 but not over \$96,550.00	\$6,220.00 plus 22.0% of excess over \$64,400.00
Over \$96,550.00 but not over \$175,100.00	\$13,293.00 plus 24.0% of excess over \$96,550.00
Over \$175,100.00 but not over \$219,600.00	\$32,145.00 plus 32.0% of excess over \$175,100.00
Over \$219,600.00 but not over \$533,800.00	\$46,385.00 plus 35.0% of excess over \$219,600.00
Over \$533,800.00	\$156,355.00 plus 37.0% of excess over \$533,800.00

Use the table below for employees who have submitted a 2020 or later Form W-4, claim Single or Married Filing Separately, and checked the box in step 2 of the [IRS Form W-4](#) (to view the IRS Form W-4, including tables and worksheets).

Higher Single Tax Table

If the Amount of Taxable Income Is:	The Amount of Federal Income Tax Withholding Should Be:
Over \$0 but not over \$6,275.00	\$0
Over \$6,275.00 but not over \$11,250.00	\$0 plus 10.0% of excess over \$6,275.00
Over \$11,250.00 but not over \$26,538.00	\$497.50 plus 12.0% of excess over \$11,250.00
Over \$26,538.00 but not over \$49,463.00	\$2,332.00 plus 22.0% of excess over \$26,538.00
Over \$49,463.00 but not over \$88,738.00	\$7,375.50 plus 24.0% of excess over \$49,463.00
Over \$88,738.00 but not over \$110,988.00	\$16,801.50 plus 32.0% of excess over \$88,738.00
Over \$110,988.00 but not over \$268,075.00	\$23,921.50 plus 35.0% of excess over \$110,988.00
Over \$268,075.00	\$78,902.13 plus 37.0% of excess over \$268,075.00

Use the table below for employees who have submitted a 2020 or later Form W-4, claim Married Filing Jointly, and checked the box in step 2 of the [IRS Form W-4](#) (to view the IRS Form W-4, including tables and worksheets)

Higher Married Filing Jointly Tax Table

If the Amount of Taxable Income Is:	The Amount of Federal Income Tax Withholding Should Be:
Over \$0 but not over \$12,550.00	\$0
Over \$12,550.00 but not over \$22,500.00	\$0 plus 10.0% of excess over \$12,550.00
Over \$22,500.00 but not over \$53,075.00	\$995.00 plus 12.0% of excess over \$22,500.00
Over \$53,075.00 but not over \$98,925.00	\$4,664.00 plus 22.0% of excess over \$53,075.00
Over \$98,925.00 but not over \$177,475.00	\$14,751.00 plus 24.0% of excess over \$98,925.00
Over \$177,475.00 but not over \$221,975.00	\$33,603.00 plus 32.0% of excess over \$177,475.00
Over \$221,975.00 but not over \$326,700.00	\$47,843.00 plus 35.0% of excess over \$221,975.00
Over \$326,700.00	\$84,496.75 plus 37.0% of excess over \$326,700.00

Use the table below for employees who have submitted a 2020 or later Form W-4, claim Head of Household, and checked the box in step 2 of the [IRS Form W-4](#) (to view the IRS Form W-4, including tables and worksheets).

Higher Head of Household Tax Table

If the Amount of Taxable Income Is:	The Amount of Federal Income Tax Withholding Should Be:
Over \$0 but not over \$9,400.00	\$0
Over \$9,400.00 but not over \$16,500.00	\$0 plus 10.0% of excess over \$9,400.00
Over \$16,500.00 but not over \$36,500.00	\$710.00 plus 12.0% of excess over \$16,500.00
Over \$36,500.00 but not over \$52,575.00	\$3,110.00 plus 22.0% of excess over \$36,500.00
Over \$52,575.00 but not over \$91,850.00	\$6,646.50 plus 24.0% of excess over \$52,575.00
Over \$91,850.00 but not over \$114,100.00	\$16,072.50 plus 32.0% of excess over \$91,850.00
Over \$114,100.00 but not over \$271,200.00	\$23,192.50 plus 35.0% of excess over \$114,100.00
Over \$271,200.00	\$78,177.50 plus 37.0% of excess over \$271,200.00

10. Divide the annual Federal income tax withholding calculated in step 9 by the number of pay dates in the tax year to obtain the biweekly Tentative Federal Withholding amount.
11. If the employee has submitted a 2020 or later Form W-4 and has entered an Annual Dependent Tax Credit in step 3 of the Form W-4, divide the Annual Dependent Tax Credit by the appropriate number of pay dates in the tax year. Subtract the result from the biweekly Tentative Federal Withholding amount in step 10.
12. If the employee has elected to have additional tax withheld per pay period, then add the additional amount to the pay period tax calculated in the previous steps to determine the amount of tax to be withheld for this payroll period.

Resources

To view the updated tax formula, go to the *HR and Payroll Clients* page from the *MyNFC* drop-down menu on the National Finance Center (NFC) homepage, or click [here](#). Select the *Publications* tab and select *U.S. Income Tax Formulas* from the *Publications* menu to launch the tax map, or click [here](#). Select the desired State from the map provided for the formula.

Questions?

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