Memorandum

To: All Temple University Employees
From: Nancy L. Hinchcliff, Assistant Vice President
HR – Payroll Management
Date: January 9, 2017
Subject: Important 2017 Payroll Tax Update

The Social Security wage base will increase to $127,200 in 2017 up from $118,500 in 2016. As in prior years there is no limit to the Medicare wage base and tax rates will remain unchanged as follows:

- Social Security tax rate is 6.2% with maximum taxable earnings of $127,200.
- Medicare tax rate is 1.45% with no maximum wage base limit.
- Additional Medicare tax is 0.9% and is withheld only on employee Medicare wages paid in excess of $200,000.

The 2017 Federal Income tax tables have been published on the IRS website at www.irs.gov and the number of tax brackets will remain unchanged. The amount of one personal exemption remains unchanged at $4,050. The optional federal supplemental withholding rates for employee supplemental wages of $1 million or less will remain at 25% and supplemental wages paid in excess of $1 million will remain unchanged at 39.6%.

The 2017 monthly limit for the qualified transportation fringe benefit and qualified parking remains unchanged at $255.

For calendar year 2017, the Pennsylvania Income Tax rate remains at 3.07% and the employee deduction for Pennsylvania Unemployment tax remains at .07%.

The Philadelphia City Wage Tax rates for residents and nonresidents remains at 3.9004% and 3.4741%, respectively.

Additional state and local earned income tax rate information is available on the Payroll Management website.

W-2/1099 Notice Requirements For Businesses in Philadelphia
The City of Philadelphia requires all employers in Philadelphia to provide notification to both employees and non-employees who are residents of Philadelphia about the availability of the following two programs:
• The Federal Earned Income Tax Credit ("EITC") and
• The City of Philadelphia Income-based Wage Tax Refund Program

More information about these programs can be obtained from the City’s website at www.phila.gov/revenue/EITC and www.phila.gov/revenue/taxpro/Pages/refundpetitions.aspx.

Please contact Temple University Payroll Management Office at (215) 926-2244 or e-mail hrpayroll@temple.edu with additional questions.