

Date: February 9, 2005

To: Deans, Directors, and Department Heads

From: Juan A. Jarrett, Assistant Vice Chancellor for Human Resources

Subject: 2005 Federal and State Tax Withholding Changes

Federal Tax Changes

The Internal Revenue Service has issued new inflation-adjusted federal tax brackets and raised the personal exemption amount from \$3,100 to \$3,200 for 2005. This means that most employees will see a slight increase in their take-home pay beginning with the check issued on February 11, 2005.

The amount of federal tax withheld from an employee's check is based on the number of personal exemptions or allowances claimed on the W-4 form. In 2004, one personal exemption was equal to \$119.23 biweekly; the new amount for 2005 is \$123.08 biweekly.

Massachusetts State Tax Changes

The Massachusetts Department of Revenue has increased the standard exemption amount by \$275. This means that employees that claim one or more personal exemptions or allowances on their M-4 form will see a slight increase in their take-home pay beginning with the check issued on February 11, 2005. **Employees that claim zero exemptions on their M-4 will not be affected.**

If you have any questions about this information, please call Donna Bourguignon @ 545-0287, Kathie McInerney @ 545-0391 or Louise Siwy @ 545-3761.

Please circulate this information to all employees in your department.

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