

September 27, 2002

To: All Employees
From: Juan Jarrett, Assistant Vice Chancellor for Human Resources
Subject: State Tax Changes

Recently, the Legislature approved Chapter 186 of the Acts of 2002, "An Act Enhancing State Revenues," which reduced the Commonwealth's standard deduction for income tax filing for tax year 2002 as shown below.

	<u>2001</u>	<u>2002</u>
Single	\$ 4,400	\$ 3,300
Head of Household	\$ 6,600	\$ 5,100
Married	\$ 8,800	\$ 6,600

Accordingly, the Department of Revenue (DOR) revised Circular M – the state's income tax withholding tables to reflect these changes. The result is an increase in state tax withholdings, which will take effect with the paychecks issued on September 27, 2002.

Employees who claim one (1) or more allowances on their M-4 Massachusetts Employee's Withholding Exemption Certificate, will see a minimum increase of approximately \$2.24 per pay period. Those who claim zero (0) allowances will see no change in the amount of state tax deducted since they are already having the maximum amount (.053%) withheld from their checks.

You should note that the revised tax tables and reduced standard deductions were made retroactive to January 1, 2002. We are required to begin applying the state tax changes in September and will not be doing any retroactive withholding adjustments. In light of this, all individuals, including those who claim zero (0) allowances, may want to assess their personal tax situation, keeping in mind there are only 6 pay periods remaining in this tax year.

Anyone wishing to change the number of allowances being claimed or stipulate an additional dollar amount of state tax to be withheld, may do so by completing a new M-4 form at the Human Resources Information Center, Room 327C, Whitmore Administration Building.

Questions concerning this information may be directed to the Payroll Office in Human Resources by calling 545-6119.