

To: All Harvard Faculty and Staff
From: Marilyn Hausammann and Thomas Hollister
Date: 1/24/18
Subject: **Recent Tax Law Changes and Their Impact on Employee Withholdings**

Dear Colleague,

Under the tax bill passed in December 2017, the Internal Revenue Service (IRS) has issued new tax withholding rates. Harvard is now working to implement these rates, which will affect all employees. Although employees are not legally obligated to take any additional steps, the IRS is advising individuals to check their withholding to ensure it is appropriate for their situation. We urge you read more about the changes on [HARVie](#).

Thank you for your attention to this important change.

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Vice President for Finance and Chief Financial Officer

Recent Tax Law Changes and Their Impact on Employee Withholdings

Under the tax bill passed in December 2017, the Internal Revenue Service (IRS) has issued new withholding rates for employers. Harvard is now working to implement these changes in its systems.

What are the changes?

Federal tax withholding rates were updated to reflect the changes in tax rates and tax brackets, the increase in standard deductions, and the elimination of personal exemptions. As a result, withholding rates have decreased at most pay levels, but the effect on an individual's paycheck will depend on his or her personal circumstances.

When will employees see the changes in their pay?

Employees should see the changes beginning with their regularly-scheduled paycheck paid on or after February 15.

Do employees need to do anything to respond to these changes?

Employees are not legally obligated to take any additional steps. However, the IRS advises individuals to check their withholding to ensure it is appropriate for their situation. In particular, some people have more complicated tax circumstances and face the possibility of being under-withheld (which may result in tax owed for the calendar year 2018 return and potentially a tax penalty) or over-withheld. For example, people who itemize their deductions, couples with multiple jobs, individuals with more than one job a year, or nonresident alien filers are encouraged to review their tax situations. The IRS is updating the 2018 Form W-4 and the IRS.gov withholding calculator to help with this process, and has indicated that the calculator will be available by the end of February. Employees who desire advice regarding their personal situations are encouraged to consult with their own tax advisor.

For more information, please see the [IRS FAQs](#).