

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P.O. Box 942850
Sacramento, CA 94250-5878

DATE: June 3, 2003

PAYROLL LETTER # 03-008

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: JOHN R. HARRIGAN, Chief
Personnel/Payroll Services Division**RE: 2003 FEDERAL TAX WITHHOLDING RATE CHANGES**

This is to advise you of changes in Federal Tax withholding rates. The rate change for the percentage method of withholding, as well as the supplemental/flat method of withholding, will be effective as of June 3, 2003.

Following are the new rates.

ANNUALIZED PERCENTAGE METHOD

SINGLE (Including Head Of Household)

If the Taxable Income is		The computed Tax is			
Over	But Not Over	Of Amount Over		Plus	
0	2,650	0%	0	+	\$ 0.00
2,650	9,700	10%	2,650	+	\$ 0.00
9,700	30,800	15%	9,700	+	\$ 705.00
30,800	68,500	25%	30,800	+	\$ 3,870.00
68,500	148,700	28%	68,500	+	\$ 13,295.00
148,700	321,200	33%	148,700	+	\$ 35,751.00
321,200		35%	321,200	+	\$ 92,676.00

MARRIED

If the Taxable Income is		The computed Tax is			
Over	But Not Over	Of Amount Over		Plus	
0	8,000	0%	0	+	\$ 0.00
8,000	22,300	10%	8,000	+	\$ 0.00
22,300	64,750	15%	22,300	+	\$ 1,430.00
64,750	118,050	25%	64,750	+	\$ 7,797.50
118,050	185,550	28%	118,050	+	\$ 21,122.50
185,550	326,100	33%	185,550	+	\$ 40,022.50
326,100		35%	326,100	+	\$ 86,404.00

SUPPLEMENTAL/FLAT TAX RATE

The supplemental flat withholding rate is decreased to 25%.

WITHHOLDING (EXEMPTION) ALLOWANCE

The new withholding allowance is \$3,100.

In the very near future, we expect to have our paycheck calculator updated to reflect these changes. If you have any questions regarding this Payroll Letter, agencies should contact Payroll Liaison at (916) 323-3081 and campuses should contact CSU Payroll Liaison at (916) 322-7980.

JRH:BM:SACS