INFORMATIONAL CIRCULAR NO.: 22-P-011 *Supersedes 21-P-011*

DATE: December 22, 2021

SUBJECT: 2022 Percentage Method Tables for Federal Tax Withholding

EFFECTIVE DATE: January 1, 2022

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SUMMARY: New Federal Withholding Tax Tables Effective for Paychecks Issued On or After January 1, 2022

The Internal Revenue Service (IRS) has issued new tables for the percentage method of withholding for 2022 per Publication 15-T including an Employer's Worksheet to be used for computing federal tax withholding for wages paid on or after January 1, 2022. To use the attached IRS worksheet and tables, income must be annualized. To annualize income, multiply federal taxable income for the current bi-weekly pay period by twenty-six pay periods. In addition, the value of one withholding allowance has remained at $4,300 for employees whose Form W-4 is from 2019 or earlier.

For employees whose Form W-4 is from 2020 or later, Step 2 on the Form W-4 determines which set of attached tables are used to compute federal tax withholding. The first set of tax tables is used for employees with a 2019 or earlier Form W-4 or whose 2020 or later Form W-4 does not have the box in Step 2(c) checked. The second set of tax tables is used for employees whose 2020 or later Form W-4 does have the box in Step 2(c) checked.

Regents should also note that the annual amount to add to Nonresident Alien employee's wages for calculating income tax withholding for 2022 has increased to $8,650 if the NRA employee has not submitted a Form W-4 for 2020 or later or $12,950 if the NRA employee has submitted a Form W-4 for 2020 or later or was first paid wages in 2020 or later. In addition, Regents should check IRS Publication 1494 for any changes to the amounts used when computing tax levies for garnishments. Publication 1494 for 2022 is not currently available on the IRS website. Regents should be aware that the withholding on supplemental wages rate remains at 22% for 2022.

IRS regulations continue to require employees claiming exempt status from federal tax withholding (for income earned in the United States) to file a new W-4 form annually. Employees are eligible for the exempt status if the following criteria are met: 1) the employee had no income tax liability in the previous year, and 2) the employee anticipates no income tax liability in the upcoming year.

SHARP employees are encouraged to use the Employee Self Service functionality beginning January 1, 2022 to file their 2022 W-4. The 2022 Form W-4 has not yet been published by the IRS. When it is published, it can be found on the IRS website at https://www.irs.gov and also can be found on the Office of Accounts and Reports website at https://admin.ks.gov/resources/document-center.

IRS regulations require non-resident alien employees who claim an exempt status from federal withholding tax up to their treaty limit (for income earned in the United States) to file a new 8233 annually. Employees who claimed a non-resident alien exempt status in calendar year 2021 must file a new 8233 form for calendar year 2022 if they wish to continue their non-resident alien status. As a reminder, Regent institutions are responsible for the accuracy of the eligibility of their non-resident alien employees and for monitoring maximum presence.

The Office of Accounts and Reports, Payroll Systems Team, will make the necessary changes in the computation of withholding taxes for SHARP agencies. Regent institutions are responsible for implementing the new withholding tax rates in their respective payroll systems.

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Attachment: **2022 IRS Publication 15-T**
Worksheet 1A. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems and 2022 Annual Percentage Method Tables