



COTATI-ROHNERT PARK  
UNIFIED SCHOOL DISTRICT

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## MEMORANDUM

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**To:** All Employees  
**From:** Anne Barron, Chief Business Official  
**Subject:** Impact of Tax Reform on Paychecks  
**Date:** January 29, 2018

The IRS has released new withholding tables following the passage of the federal tax reform bill. Beginning with the January 31 payroll, most employees will have less federal income tax withheld and receive a larger paycheck.

Because the rules for tax return deductions have also changed, employees may end up not having enough tax withheld. In particular, the deduction for state and local income taxes is now limited to \$10,000, and interest on home equity lines of credit is no longer deductible. There are many other changes that may increase or decrease the amount of taxes you will owe. It will take some time for the IRS to write new regulations to implement the law.

We urge you to consult with your tax advisor to determine whether you should change your withholding. It will likely be months before tax preparation software is able to estimate the effects of the change. We know no one will be happy to learn that they owe income taxes when they file their federal income tax return for 2018.

The IRS has not yet released a new Form W-4, which is the form you use to tell us how many exemptions you want to claim or whether you want extra money withheld from each paycheck. We will make the form available on the district website as soon as the IRS releases it. Please check <https://www.crpUSD.org/Page/5222> for the downloadable form for 2018. You should submit the form to payroll by the 15<sup>th</sup> of the month to have it take effect on the payroll at the end of that month.

California has also released new withholding tables, so state income taxes withheld may also be different.

We urge you to review your check stub or deposit advice carefully and consider whether you wish to make any changes. You may submit a new W-4 (or DE-4 for California) any time during the year.