

VOLUME 8, CHAPTER 4: “MANDATORY DEDUCTIONS”**SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue, and underlined font***](#).

The previous version dated [January 2022](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current administrative instruction.	Revision
Figure 4-1	Revised to include references to pre-tax benefits under Federal Flexible Benefits Plan or cafeteria plan where applicable.	Revision
Table 4-2	Revised to include Social Security tax rates for calendar year 2023 and update reference in footnote.	Revision

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CHAPTER 4

MANDATORY DEDUCTIONS

1.0 GENERAL

1.1 Overview

This chapter sets out policy and requirements pertaining to mandatory payroll deductions the DoD must make from a DoD employee's pay. It contains established policies, defines responsibilities, and prescribes direction in support of processing mandatory deductions.

1.2 Purpose

This chapter provides guidance regarding mandatory payroll deductions as they apply to an employee's gross pay.

1.3 Authoritative Guidance

The pay policies and requirements established by the DoD in this chapter are derived primarily from, and prepared in accordance with the United States Code (U.S.C.), including Title 5. The specific statutes, regulations, and other applicable guidance that govern each section are listed in a reference section at the end of this chapter.

2.0 MANDATORY DEDUCTIONS

2.1 General

Mandatory payroll deductions are those deductions required by law, regulation, or by court order and include federal or state income tax, Old Age, Survivors and Disability Insurance (OASDI), Medicare, and child support. Voluntary deductions are at the employee's request and require written authorization from the employee prior to withholding the deduction. Voluntary deductions include health and life insurance premiums, flexible spending account program contributions, and Thrift Savings Plan (TSP) contributions. See Chapter 11 for information on voluntary deductions and allotments.

2.2 Mandatory Deductions

Mandatory payroll deductions withheld from a DoD employee's pay must include:

2.2.1. Sufficient information to establish the deduction;

2.2.2. Adequate documentation and certification;

2.2.3. Payment to the appropriate recipient for the correct amount; and

2.2.4. A provision of law or court order, which supports the deduction.

2.3 Deduction Authorizations

The Defense Finance and Accounting Service (DFAS) must retain deduction authorizations in the Civilian Payroll Office (PRO) or at a designated storage site in accordance with [National Archives General Records Schedule 2](#).

3.0 ORDER OF PRECEDENCE

3.1 Deductions

The Office of Personnel Management (OPM) issued policy guidance to standardize the order of precedence for processing mandatory and voluntary deductions when gross pay is not sufficient to permit all deductions. See [OPM Memorandum PPM-2008-01](#), “Order of Precedence When Gross Pay Is Not Sufficient To Permit All Deductions,” July 30, 2008.

3.1.1. When Gross Pay is Not Sufficient. If a DoD employee’s gross pay is not sufficient to permit all required deductions, the order of precedence under which deductions must be withheld according to the order of precedence as indicated in Figure 4-1.

3.1.2. Priority of Deductions vs. Net Pay Exclusions. The order of precedence determines which authorized deductions apply first in the event that the employee’s gross pay is not sufficient to cover all deductions. This issue is separate from determining the net amount of an employee’s pay subject to a particular deduction. Pay applied toward certain other deductions may be excluded in determining the net amount of pay for which a given deduction is made; however, that does not necessarily mean that any of the other deductions listed are applied first. For example:

3.1.2.1. Federal income tax withholdings are deducted from the net amount of pay subject to federal income taxes (taxable pay). An employee’s deduction for TSP contributions is pre-tax, meaning the contribution is excluded from the net amount of taxable pay. However, the TSP deduction is lower in the order of precedence than federal income taxes.

3.1.2.2. Court-ordered alimony payments are deducted from the net amount of pay subject to garnishment (garnishable pay). An employee’s TSP deduction is excluded from the net amount of garnishable pay. See Title 5, Code of Federal Regulations, section 581.105(e), ([5 CFR 581.105\(e\)](#)). However, the TSP deduction is lower in the order of precedence than the alimony garnishment.

3.2 Available Pay

An employee's available gross pay is reduced by the amount of each deduction withheld in the specific order of precedence listed in paragraph 3.1. After an authorized deduction is withheld, if an employee's remaining pay is not sufficient to allow for the deduction next in the order of precedence to be withheld in its entirety, the following applies:

3.2.1. Mandatory Deduction. If the deduction next in the order of precedence is a mandatory deduction, the PRO will use the remaining available pay to make a partial deduction. When this situation occurs, the employee's net pay is zero.

3.2.2. Voluntary Deduction. If the deduction next in the order of precedence is a voluntary deduction, the PRO will not make the next voluntary deduction or any other deductions thereafter. The employee's remaining available pay is paid to the employee as net pay.

4.0 RETIREMENT DEDUCTIONS

4.1 Civil Service Retirement System (CSRS), CSRS-Offset, and Federal Employees Retirement System (FERS) Administration and Recordkeeping

4.1.1. General. OPM's [CSRS and FERS Handbook](#) for Personnel and Payroll Offices guidance is necessary for the PRO to report:

4.1.1.1. The withholding of mandatory deductions from employees enrolled in the CSRS; and

4.1.1.2. The withholding of mandatory deductions under FERS. Employees hired after January 1, 1987 are under the FERS program. Employees hired during calendar year (CY) 2013 are FERS Revised Annuity Employees (FERS-RAE). For more information, see [5 U.S.C. § 8401](#)(37). Employees hired on or after January 1, 2014, are FERS Further Revised Annuity Employees (FERS-FRAE). See also 5 U.S.C. § 8401(38).

4.1.2. Phased Retirement. Employees eligible for phased retirement work a part-time schedule while beginning to draw CSRS or FERS retirement benefits. During phased employment, retirement deductions for CSRS or FERS will continue to be withheld from pay the employee receives from the employing agency. The deductions are made at the normal rates and are based on the pay the employee actually receives during phased employment, not on the amount the employee would have received had the employee continued to work fulltime. See also [5 U.S.C. § 8336a](#), [5 CFR Part 848](#), Chief Human Capital Officers Council ([CHCOC](#)) [Phased Retirement Guidance](#), [OPM Phased Retirement](#), and Chapter 10 for additional information.

4.1.3. Coverage. For employees subject to retirement deductions, the Standard Form (SF) 50, Notification of Personnel Action, will reflect the correct retirement system for each employee. See Table 4-1 for pay subject to retirement deductions. For current deduction rates and employer contributions, refer to the CSRS and FERS Handbook and OPM Benefits Administration Letter (BAL) 15-303.

4.1.4. PRO Responsibilities for Retirement Deductions. The PRO must fulfill the responsibilities relating to CSRS, CSRS-Offset and FERS retirement contributions listed in the CSRS and FERS Handbook, Chapter 1, section 1C3.1-D.

4.1.5. Communication With OPM. Forward records of separated employees to:

4.1.5.1. Office of Personnel Management
CSRS Retirement Records
P.O. Box 45
Boyers, PA 16017

4.1.5.2. Office of Personnel Management
FERS Retirement Records
P.O. Box 200
Boyers, PA 16017

4.1.6. Maintaining the Individual Retirement Record (IRR) SF 2806/3100

4.1.6.1. General. The PRO maintains an IRR for each employee subject to CSRS, CSRS-Offset, or FERS, according to the CSRS and FERS Handbook, Chapter 81, part 81A2. Since OPM uses the IRR to adjudicate the retirement rights of separated employees or their survivors, it is important that each IRR is complete, accurate, clearly detailed, and properly certified. Timely and accurate maintenance of each IRR expedites closeout when an employee separates or transfers to the paying jurisdiction of another agency.

4.1.6.2. Required Information. Certain information is required on the IRR for all employees. There are additional requirements for law enforcement officers, firefighters, foreign nationals, customs officers, and employees who have any periods of active duty service. Data should be taken from the SF 50 and posted to the IRR as it occurs. The OPM Operating Manual, The Guide to Data Standards, includes the standard abbreviations and remarks required for completing the IRR. Examples of how to post the service history are located in the CSRS and FERS Handbook, Chapter 81, section 81A2.2-2. Each IRR should be reviewed to ensure complete service history and that all dates and types of appointments are accurately reflected for each period of service.

4.1.6.2.1. Sick Leave. When an employee dies, retires, converts to FERS with a CSRS annuity component, has an uncommon tour of duty, or applies for disability retirement, the amount of unused sick leave must be recorded on the IRR. An employee who has had a break-in-service is entitled to a recredit of sick leave (without regard to the date of his or her separation) if he or she returns to federal employment on or after December 2, 1994. However, sick leave is not recredited to employees who were reemployed in the federal service before December 2, 1994, and who previously forfeited sick leave under the former rules. See [5 CFR 630.502\(b\)](#). For examples, see the CSRS and FERS Handbook, Chapter 81, section 81A2.3-1.

4.1.6.2.2. Health Benefits Data. All IRRs sent to OPM for regular retirement, disability retirement, or deceased employees must be annotated with the status of health benefits. See examples in the CSRS and FERS Handbook, Chapter 81, subchapter 81B.

4.1.6.2.3. Federal Employees Group Life Insurance (FEGLI). FEGLI must be shown on the IRR as specified in the CSRS and FERS Handbook. For further information, see the [FEGLI Program Handbook](#).

4.1.6.2.4. Additional Reportable Items for Separations, Removals, or Resignations. All IRRs sent to OPM regarding a separation, removal, or resignation must include the following employee's information: Last Day of Pay, Unused Sick Leave, Federal Employees Health Benefits plan code, Federal Employees Group Life Insurance enrollment code, and Service Computation Date. For further information, see [OPM BAL 15-102](#).

4.1.6.3. Closing Out the IRR. For information on the closing out, certification and forwarding to OPM of an IRR upon an employee's separation, see the CSRS and FERS Handbook, Chapter 81, section 81A2.2-4.

4.1.6.3.1. Employee Death. When the PRO receives notification of an employee's death, the PRO must send the IRR to OPM within 5 days of the date that final pay is computed. OPM must receive the deceased employee's records and associated applications within 30 days from the date of death. For information on retirement deductions and matching agency contributions in final pay, see the CSRS and FERS Handbook, Chapter 80.

4.1.6.3.2. Separation and Application for Refund of Retirement. A refund is the lump-sum payment (to a former employee or an employee no longer covered by CSRS or FERS) for the amount of his or her retirement contributions. An individual seeking a refund must meet eligibility requirements. The PRO is responsible for sending the employee's IRR to OPM with the employee's refund application [SF 2802](#), Application for Refund of Retirement Deductions CSRS; or [SF 3106](#), Application for Refund of Retirement Deductions FERS. See the CSRS and FERS Handbook, Chapter 32, subchapters 32A (CSRS) and 32B (FERS). A refund payment may include any of the following:

4.1.6.3.2.1. Retirement contributions deducted from basic pay, including CSRS-Offset contributions for employees covered under CSRS-Offset, or FERS basic annuity deductions from pay;

4.1.6.3.2.2. Deposits and/or redeposits;

4.1.6.3.2.3. Military service credit deposits;

4.1.6.3.2.4. Voluntary contributions; or

4.1.6.3.2.5. Interest payable under law.

4.1.6.3.3. Disability Retirement Separations. Disability cases require different close out procedures due to the approval or denial of the application submitted by the employee for disability retirement. Agencies must execute both a preliminary and final IRR. See the CSRS and FERS Handbook, Chapter 60 for Disability Retirements. See the CSRS and FERS Handbook, Chapter 81, section 81A.2.3-2 for examples on closing out a disability retirement IRR.

4.1.6.3.4. Non-disability Retirement Separations. When a separation occurs for reasons other than a disability retirement, the PRO must close out, certify, and forward the IRR to the address in subparagraph 3.1.5. Information and examples on the process required to close out an IRR are located in the CSRS and FERS Handbook, Chapter 81, section 81A.2.3-1.

4.1.6.3.5. Service Credit Deposits for Post-1956 Military Service. For the preparation of the IRR for deposits of creditable post-1956 military service, see the CSRS and FERS Handbook, Chapter 23. For additional information, see Chapter 11.

4.1.7. Storing, Safeguarding and Disposing of the IRR

4.1.7.1. Any IRRs not maintained in a mechanized manner must be stored in a lockable metal file cabinet or in a secured facility with limited access provided only to employees whose official duties require access. Manually maintained IRRs must be stored electronically (after being manually posted), and kept separately from the record itself, in accordance with OPM requirements.

4.1.7.2. Retirement claims, life insurance, health benefits, and tax withholdings are permanent records and maintained in either paper or electronic imaged format. Medical records used to determine suitability are maintained for 18 months. Requests for review of health benefits claims should be maintained for up to 3 years.

4.1.7.3. Manual records should be disposed of by shredding.

4.1.8. Register of Separations and Transfers (SF 2807/3103)

4.1.8.1. The [SF 2807](#) (CSRS) and [SF 3103](#) (FERS), Register of Separations and Transfers, serve to authenticate the IRR for transmittal to other PROs and to OPM. In addition to other fiscal and accounting data available to OPM, the SF 2807/3103 is an essential document for controlling retirement monies. For information on how to prepare and maintain the SF 2807/3103, see the CSRS and FERS Handbook, Chapter 81, part 81A3.

4.1.8.2. More than one IRR may be submitted with an SF 2807/3103. However, transmitting completed retirement records should not be delayed while other IRRs are being prepared for forwarding to OPM.

4.1.9. Adjustments and Corrections. When possible, adjust and correct any errors detected on the IRR before submission to OPM. If an error is detected after the IRR is sent to OPM, prepare an [SF 2806-1](#) (CSRS) or [SF 3101](#) (FERS), Notice of Correction of Individual Retirement Record. See the CSRS and FERS Handbook, Chapter 81, section 81A2.3-3.

4.1.9.1. Current Employees

4.1.9.1.1. Over-deduction. If an over-deduction occurs for retirement from the pay of a current employee, the PRO must make an adjustment during the next payroll cycle. The PRO must decrease the current retirement deductions from the employee's current pay period earnings, and make a corresponding adjustment in the employer's contributions.

4.1.9.1.2. Under-deduction. If an under-deduction occurs, or if deductions were not made for a period when an employee was covered by CSRS or FERS, then that employee must be afforded due process rights before being indebted for the erroneous pay received because of the under-deduction. If deductions were made for a non-appropriated fund (NAF) retirement plan when deductions are required for CSRS or FERS, then the PRO must adjust the NAF retirement deductions and contributions and the Social Security deductions and contributions in the next pay period. These amounts should be offset against the amounts that should have been submitted for CSRS or FERS to determine the net amount that must be withheld from the employee's current period pay.

4.1.9.2. Separated Employees

4.1.9.2.1. Over-deduction

4.1.9.2.1.1. When excess retirement amounts have been deducted from a former employee's pay and the IRR [SF 2806](#) (CSRS) or [SF 3100](#) (FERS) has not yet been forwarded to OPM, the PRO must correct the amount in the current calendar year and correct the accumulated deductions posted on the SF 2806/3100 prior to forwarding to OPM.

4.1.9.2.1.2. If an over-deduction for retirement is found after the SF 2806/3100 was sent to OPM, the PRO must prepare and submit the SF 2806-1/3101 to OPM.

4.1.9.2.1.3. If an over-deduction from a former employee's pay results in excess employer contributions for retirement, the PRO must deduct the amount of the excess from the next pay period's submission of the Retirement and Insurance Transfer System (RITS) file.

4.1.9.2.2. Under-deduction

4.1.9.2.2.1. When an insufficient amount for retirement has been deducted from a former employee's pay and the SF 2806/3100 has not yet been submitted to OPM, the PRO must note the amount of the deficiency on the SF 2806/3100. If the SF 2806/3100 has been submitted, then another SF 2806/3100 must be prepared and annotated "Supplemental" in the upper left margin.

4.1.9.2.2.2. When an under-deduction from a former employee's pay results in insufficient employer retirement benefits contributions, the insufficient amount will normally be included in the RITS file for the next pay period.

4.1.9.3. Transferred Employees

4.1.9.3.1. Over-deduction

4.1.9.3.1.1. When excess retirement amounts have been deducted from a transferred employee's pay and the SF 2806/3100 has not been forwarded to OPM, the PRO must correct the amount in the current calendar year and correct the total accumulative deductions posted on the SF 2806/3100 prior to forwarding.

4.1.9.3.1.2. If the over-deduction for retirement is found after the SF 2806 was forwarded to another PRO within the DoD, an SF 2806-1 must be prepared and submitted to the gaining PRO.

4.1.9.3.1.3. When an over-deduction from a transferred employee's pay results in excess employer retirement contributions, the PRO must deduct the amount of excess employer contributions from the RITS file for the next pay period.

4.1.9.3.2. Under-deduction. When an insufficient retirement amount has been deducted from a former employee's pay and the SF 2806 has not yet been forwarded to another PRO within the same Component, the losing PRO must note the amount of under-deductions on the SF 2806. The losing PRO must prepare and forward a supplemental SF 2806 to the gaining PRO, if the SF 2806 was previously submitted.

4.1.9.3.3. Service History Corrections. The PRO must correct the "Service History" portion of the SF 2806 if the error is detected before the record is sent to another PRO within the same Component. If the error is detected after the record is submitted, the losing PRO must prepare and submit an SF 2806-1 to the gaining PRO.

4.1.9.4. Retroactive Payments

4.1.9.4.1. The PRO must report CSRS or FERS deductions withheld from a retroactive salary payment for a separated employee by preparing a supplemental SF 2806/3100, and forwarding it to OPM using an SF 2807/3103.

4.1.9.4.2. For a current employee, the PRO must include CSRS or FERS deductions withheld from a retroactive salary payment in the current year salary deduction on the SF 2806/3100 being maintained for the employee.

4.1.9.4.3. A losing PRO must report CSRS or FERS deductions withheld from a retroactive salary payment for an employee transferred to another PRO within the same Component by preparing a supplemental SF 2806/3100. The losing PRO must send the SF 2806 to the gaining PRO using an SF 2807. The losing PRO must send the SF 3100 to OPM using an SF 3103.

4.1.10. Availability of Retirement Funds for Loans, Garnishments, and Indebtedness

4.1.10.1. Loans and Garnishments. See the CSRS and FERS Handbook, Chapter 5 for Court Orders. An employee cannot borrow from the retirement fund or use money credited to his or her account as security for a loan or any other purpose. Additionally, an employee's retirement account is not subject to the execution of levies, attachments, garnishments, or other legal processes except as follows:

4.1.10.1.1. OPM will comply with a garnishment or attachment order issued to enforce child support or alimony obligation; and

4.1.10.1.2. OPM will comply with the assignment of retirement benefits in a qualifying state court order, decree, or community property settlement agreement in connection with a divorce, annulment of marriage, or legal separation of a federal employee or retiree.

4.1.10.2. Indebtedness. The PRO may request OPM to use administrative offset to collect a debt owed to the United States by offsetting any money due and payable to a separated employee from his or her CSRS or FERS benefits. See Volume 16, Chapter 3 for guidance on recovering debts from retirement funds. The PRO must ensure the former employee receives due process as specified in Volume 16. See also the CSRS and FERS Handbook, Chapters 4 and 5.

4.1.11. Submission of Deductions and Contributions. Employee deductions and employer contributions for CSRS or FERS must be reported separately to OPM each pay period. The PROs reporting to OPM via the RITS must report deductions and contributions using procedures described in Chapter 9. Employer contributions must be charged to the appropriation(s) from which the employee's salary is paid. See the CSRS and FERS Handbook, Chapter 80.

4.2 State Retirement Programs for National Guard Technicians

Effective January 1, 1969, pursuant to [32 U.S.C. § 709](#), all National Guard Technicians appointed in a position not excluded from coverage are considered federal employees who are automatically covered by CSRS or FERS. However, technicians employed on December 31, 1968, had the option of irrevocably electing to remain covered by a state retirement system. The DoD negotiated agreements with states for federal employee contributions to a state or state-sponsored contributory retirement program. For further information, see the CSRS and FERS Handbook, Chapter 12.

4.3 DoD Employees Covered by Retirement Systems for Non-Appropriated Fund Instrumentalities

4.3.1. General. NAF employees are federal employees within DoD. However, NAF employees are not subject to many of the personnel laws administered by OPM for appropriated fund (APF) employees. The status of NAF employees is explained at [5 U.S.C. § 2105\(c\)](#). NAF employee retirement benefits are not subject to the same requirements as that of civil service positions. Each NAF employer administers its own retirement program pursuant to DoD Instruction (DoDI) 1400.25-V1408, DoD Civilian Personnel Management System, Insurance and Annuities for NAF Employees.

4.3.2. Portability. If a NAF employee moves to an APF position, unless specifically provided by law, the employee's NAF service is not creditable for civil service benefits. Likewise, service in an APF position is not creditable for NAF benefits unless DoD policy provides such credit. Laws and regulations regarding service credit and portability of benefits for employees who move between NAF and APF positions are discussed in this section and in the Defense Civilian Personnel Advisory Service ([DCPAS](#)) [Portability of Benefits Reference Guide](#). See also [5 CFR Part 847](#) and [5 CFR 1620, subpart D](#).

4.3.3. DoD Components Offering NAF Retirement Plans. The following DoD Components offer NAF retirement plans for eligible DoD NAF employees;

- 4.3.3.1. Department of the Army,
- 4.3.3.2. Department of the Air Force,
- 4.3.3.3. U. S. Marine Corps,
- 4.3.3.4. Bureau of Naval Personnel,
- 4.3.3.5. Navy Exchange Service Command, and
- 4.3.3.6. Army and Air Force Exchange Service.

4.3.4. History of Public Laws Relating to Portability of Retirement Benefits for NAF Employees.

4.3.4.1. NAFI Employee's Retirement Credit Act of 1986. Public Law (PL) 99-638, ([5 U.S.C. § 8332](#)). The Act was the first to permit CSRS credit for former NAF service. The law required that NAF service be provided in certain morale, welfare, and recreation (MWR) positions after June 18, 1952, and before January 1, 1966. Covered employees were primarily Army NAF employees in recreation, youth activities, or arts and crafts positions, which were not covered with a NAF retirement system.

4.3.4.2. The Portability of Benefits for NAF Employees Act of 1990. PL 101-508, section 7202, ([5 U.S.C. § 8332](#)). The law provides pay and benefit portability for employees who move between NAF and APF positions. The law covers moves between DoD NAF and DoD APF positions made on or after January 1, 1987. An employee who moves with a break-in-service of no more than 3 days between such positions may be eligible for pay, leave, reduction-in-force, and retirement benefit protection. An employee who moves between positions may remain in his or her civil service or NAF retirement plan, if vested.

4.3.4.3. Fiscal Year (FY) 1996 National Defense Authorization Act (NDAA). PL 104-106, section 1043, ([5 U.S.C. § 8332](#)). The law further expanded portability, primarily in the area of retirement coverage. Retirement election provisions were expanded to include moves to APF positions outside of DoD and to cover moves on or after August 10, 1996, with a break-in-service of not more than 1 year. Employees must be vested in the losing employment system's retirement plan in order to elect to retain coverage. The law provided eligible FERS or NAF employees the opportunity to combine FERS and NAF service credit retroactively if the move occurred on or after January 1, 1966, but before August 10, 1996, with an election deadline of August 11, 1997. Waivers of this deadline are authorized for employees who did not receive notice and counseling from their Human Resources Office (HRO).

4.3.4.4. FY 2002 NDAA. PL 107-107, sections 1131 and 1132, ([5 U.S.C. § 8332](#)). The law further expanded the retirement election opportunity making it easier for employees who have performed service with a DoD or Coast Guard NAFI to continue retirement coverage after moving between NAF and APF positions. Section 1131 permits employees moving between NAF and APF positions on or after December 28, 2001, to continue coverage in the retirement plan under which they were covered immediately before the move, even if they were not vested in that retirement plan. Employee moves between retirement-covered positions must not involve a break of more than 1 year. Additionally, section 1132 permits employees in CSRS or FERS to use prior NAF service to qualify for an immediate retirement on or after December 28, 2001. Credit for NAF service under section 1132 will not result in higher CSRS or FERS annuity benefits.

4.3.5. Elections to Continue Retirement Coverage After a Qualifying Move From a NAF Position. In accordance with 5 CFR 847.202, NAF employees must meet the requirements of a qualifying move in order to be eligible to retain NAF retirement coverage after moving to a civil position covered by CSRS or FERS. The criteria requirements for a qualifying move may vary by the date(s) of when the move actually occurred.

4.3.5.1. Qualifying Move Between January 1, 1987 and August 9, 1996. A qualifying move occurring between January 1, 1987 and August 9, 1996, which would allow a NAF employee the opportunity to elect to continue retirement coverage under a NAF retirement system, must meet all the following criteria:

4.3.5.1.1. Employee must not have had a prior opportunity to elect to continue NAF retirement system coverage;

4.3.5.1.2. Employee must have been a vested participant in the NAF retirement system prior to the move to the civil service;

4.3.5.1.3. Employee must have moved from an NAF to a CSRS or FERS covered position within DoD or the U.S. Coast Guard; and

4.3.5.1.4. Employee must be appointed to a CSRS or FERS covered position no later than 4 days after separation from retirement-covered NAF employment.

4.3.5.2. Qualifying Move Between August 10, 1996 and December 28, 2001. A qualifying move occurring on or after August 10, 1996 and before December 28, 2001, that would allow a NAF employee an opportunity to elect to continue retirement coverage under a NAF retirement system, must meet all the following criteria:

4.3.5.2.1. Employee must not have had a prior opportunity to elect to continue NAF retirement system coverage;

4.3.5.2.2. Employee must have been a vested participant in the NAF retirement system prior to the move to a CSRS or FERS covered position;

4.3.5.2.3. Employee must have moved from a NAF to a civil service position subject to CSRS or FERS coverage; and

4.3.5.2.4. Employee must be appointed to a CSRS or FERS covered position no later than 1 year after separation from retirement-covered NAF employment.

4.3.5.3. Qualifying Move After December 28, 2001. A qualifying move occurring on or after December 28, 2001, that would allow a NAF employee an opportunity to elect to continue retirement coverage under a NAF retirement system must meet all the following criteria:

4.3.5.3.1. Employee must not have had a prior opportunity to elect to continue NAF retirement system coverage;

4.3.5.3.2. Employee must have moved from a NAF to a civil service position subject to CSRS or FERS coverage; and

4.3.5.3.3. Employee must be appointed to a CSRS or FERS covered position no later than 1 year after separation from retirement-covered NAF employment.

4.3.5.4. Electing NAF Retirement System Coverage After a Qualifying Move

4.3.5.4.1. Employees who elect to retain coverage under a NAF retirement system will have their SF 50 annotated as "5-Other" for the retirement code. The SF 50 will state that the employee has elected to retain coverage under a NAF retirement system.

4.3.5.4.2. Employees who elect to remain covered by a NAF retirement plan are excluded from coverage under CSRS or FERS during that and all subsequent periods of employment, including periods of service as a reemployed annuitant.

4.3.5.4.3. Employee retirement deductions, employer contributions, employee contributions to applicable 401(k) plans, and loan repayments will be made biweekly and submitted to the appropriate NAF employee benefit system. Federal Insurance Contribution Act (FICA) contributions must be withheld and reported in accordance with the U.S. Department of the Treasury's current guidance.

4.3.5.4.4. Employees who elect to retain coverage under a NAF retirement system are eligible to contribute to the applicable NAF 401(k) plan, but are not eligible to participate in TSP.

4.3.5.4.5. Employees who elect to retain NAF retirement coverage will continue coverage with the NAF retirement plan in effect at the time of election.

4.4 Uniformed Services University of the Health Sciences (USUHS) Faculty Retirement

4.4.1. The USUHS has established a policy on granting of retirement benefits for faculty and staff covered under the Administratively Determined (AD) pay plan. See [10 U.S.C. § 2113](#) and USUHS Instruction 1418, Civilian Faculty Benefits Plan. All full-time civilian faculty members of the USUHS appointed to an AD position with an appointment of more than 1 year may elect coverage under one the following plan options:

4.4.1.1. Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). This is a tax-deferred retirement plan offering both fixed and variable annuity distributions, which allows employees to enroll in a variety of available funds. For additional information, see [TIAA-CREF](#).

4.4.1.2. Fidelity Investments. This is a tax-deferred investment program through which the employee may enroll in a variety of available funds.

4.4.2. A total of 15 percent of the employee's total salary will be contributed to either TIAA-CREF or Fidelity Investments. The employer (USUHS) will contribute 10 percent and the employee will contribute a mandatory 5 percent through payroll deduction.

4.4.3. Part-time AD employees, visiting employees who carry a J-1 visa, faculty whose titles have the prefix Visiting and Postdoctoral Fellows are not eligible to participate in TIAA-CREF or Fidelity Investments.

5.0 FEDERAL INSURANCE CONTRIBUTIONS ACT (FICA) TAX

5.1 Authority

The FICA provides for a federal system of OASDI and hospital insurance. See [26 U.S.C., Chapter 21](#). The OASDI program is financed by the Social Security tax, and the Hospital Insurance program is financed by the Medicare tax. Wages for covered employment are taxable regardless of the worker's age or whether the worker is receiving Social Security or Medicare benefits. Employers must match the taxes withheld from employee wages. The term FICA applies to the combined amount of the deductions withheld for both Social Security and Medicare. However, each of the taxes is reported separately. For purposes of this guidance, taxes withheld under FICA will be referred to separately as Social Security tax and Medicare tax. The guidance applies to both Social Security and Medicare withholding. For additional information, see the [Social Security Handbook](#).

5.1.1. Coverage. Federal employees are generally subject to both Social Security and Medicare tax withholding, but some employees are subject to only Medicare tax. Prior to 1984, most federal civilian employment was exempt from Social Security coverage. However, for federal employees hired on or after January 1, 1984, most services are covered by Social Security. Whether an employee is covered under Social Security is based on the type of appointment and is determined by the HRO and reflected on the SF 50. Federal employees became subject to Medicare withholding the first pay period in CY 1983. See the Social Security Handbook, section 940. Social Security and/or Medicare taxes are withheld on the same wages, but only Social Security taxes have a wage base limit (i.e. the maximum wage amount subject to Social Security tax for the year). The deductions are shown separately on the Internal Revenue Service [\(IRS\) Form W-2](#), Wage and Tax Statement. DoD is considered one employer for purposes of determining the maximum wages subject to Social Security and/or Medicare withholding. Employees who are exempt from the Social Security and/or Medicare withholding are:

5.1.1.1. Noncitizens employed outside the United States, the U.S. Virgin Islands, and Puerto Rico;

5.1.1.2. Interns, (except medical and dental interns and residents), student nurses, and other student employees of federal hospitals ([26 U.S.C. § 3121\(b\)\(6\)](#));

5.1.1.3. Employees hired temporarily to handle fires, storms, earthquakes, floods, and other similar emergencies and disasters ([26 U.S.C. § 3121\(b\)\(6\)](#));

5.1.1.4. If a civilian chaplain wants to be covered under Social Security and/or Medicare, he or she must apply as a self-employed person. Social Security and/or Medicare may also cover the chaplain if the order under which the chaplain belongs has elected its members to be covered;

5.1.1.5. Employees of instrumentalities of the U.S. Government that are specifically exempt from Social Security and/or Medicare by law ([26 U.S.C. § 3112](#)); and

5.1.1.6. Title 32 National Guard technicians in Massachusetts and Nevada who elected to remain in the state employees retirement systems.

5.1.2. Transfers Between DoD Components. Beginning January 1, 1984, based on FICA, OPM directed that all newly hired federal employees be subject to Social Security and Medicare withholding, as well as retirement deductions. If an employee transfers between DoD Components, then the gaining PRO must count those Social Security and/or Medicare taxes already deducted by the losing PRO in order not to exceed the maximum Social Security and/or Medicare tax liability due for that payroll year. When an employee transfers, the PRO must include Social Security and/or Medicare year-to-date wages, and Social Security and/or Medicare year-to-date taxes on the [SF 1150](#), Record of Leave Data.

5.2 Compensation Subject to Social Security and/or Medicare Tax

5.2.1. Current Earnings and Allowances. For employees covered under FICA, compensation subject to federal income tax (without regard to exemption status) is generally subject to Social Security and Medicare deductions (see Table 4-1). Employees covered under CSRS are subject only to Medicare withholding. The basis for Social Security and/or Medicare tax deductions is the employee's gross pay for each pay period.

5.2.2. Back Pay Awards. Employee and employer portions of Social Security and/or Medicare tax computed for back pay awards must be calculated at the rate in effect at the time the payment of back pay is made.

5.3 Tax Amounts

Social Security and Medicare tax have different tax rate percentages, and Social Security is subject to a wage base limitation. Therefore, Social Security and/or Medicare tax must be computed and reported separately.

5.3.1. Employee Deductions. For each pay period, deduct the appropriate Social Security and/or Medicare tax amount from the gross pay of each employee covered by Social Security and/or Medicare. With respect to the Social Security wage base limit, when the employee's earnings reach the applicable maximum limitation in a taxable year, discontinue the deductions for Social Security for the remainder of that tax year. Refer to the Internal Revenue Service ([IRS Publication 15, \(Circular E\)](#), Employer's Tax Guide, for the yearly update. Maximum limitations for prior years are in Table 4-2.

5.3.2. Social Security Tax Deferral of 2020. Between September 2020 and December 2020 the collection of the employee share of Social Security tax was deferred for employees that earned less than \$4,000 during a bi-weekly pay period pursuant to a Presidential Memorandum and at the direction of the Office of Management and Budget. See [85 Federal Register \(FR\) 49587](#). The Social Security tax that was deferred during CY 2020 was subsequently paid during CY 2021. See [IRS Notice 2021-11](#).

5.3.3. Employer's Social Security and/or Medicare Tax. The U.S. Government must pay the employer's contribution equal to the same tax rate used for employees.

5.3.4. Official Social Security and Medicare Tax Tables. Tax tables are published in Circular E.

6.0 FEDERAL INCOME TAX WITHHOLDING (FITW)

6.1 General

6.1.1. Withholding Authority for Federal Income Tax. The Internal Revenue Code at [26 U.S.C. § 3402](#) requires each federal agency withhold federal income taxes from wages paid to employees. The current Circular E summarizes the employer's responsibilities and contains rates and tables for withholding. Federal employees are exempt from the tax imposed under the Federal Unemployment Tax Act (FUTA). See [26 U.S.C. § 3306](#).

6.1.2. Employer's Identification Number (EIN). An EIN is assigned by the appropriate District Director of the IRS to identify the tax accounts of employers. Only one identification number per PRO is authorized for use in reporting all federal and Social Security and/or Medicare taxes. The PRO must collect federal and Social Security and/or Medicare taxes from employee wages and report all taxes using the [IRS Form 941](#), Employer's Quarterly Federal Tax Return. For guidance on withholding and reporting federal income tax and Social Security and/or Medicare, consult the current Circular E.

6.1.3. Tax Reform. The Tax Cuts and Jobs Act (TCJA) of 2017 ([PL 115-97](#)) signed into law on December 22, 2017, amended several provisions of the Internal Revenue Code of 1986. Specifically, the TCJA legislation resulted in the [IRS Form W-4](#), Employee's Withholding Certificate, being redesigned. Previously, the value of a withholding allowance was tied to the value of the personal exemption. The TCJA eliminates personal exemptions claimed by taxpayers for themselves, their spouse, and dependents through CY 2025.

6.1.4. Method of Withholding. The two most common methods for withholding tax provided by the IRS are the percentage method and the wage bracket method. Beginning in CY 2020, employers with automated payroll systems are to withhold taxes based on the percentage method. Refer to the [IRS Publication 15-T](#), Federal Income Tax Withholding Methods.

6.2 IRS Form W-4, Employee's Withholding Certificate

The W-4 was revised for CY 2020. The PRO must use the W-4 to support statutory deductions for federal income taxes from each employee. Therefore, an employee must complete the W-4 and any additional forms required for withholding state or local taxes at the start of employment. If an employee fails to submit the W-4, the PRO must treat the employee as a single filer with a standard deduction and no other adjustments. Once filed, the W-4 remains in effect until the employee amends it or files a new withholding certificate. Employees may obtain the W-4 from their servicing HRO. Employees may also process tax changes through an automated computer program, such as the DFAS [myPay website](#), by using a personal identification code.

6.2.1. Additional Withholding. An employee may also specify that a fixed dollar amount is withheld from pay in addition to the amount of required withholdings. The amount of additional withholding remains in effect until changed by the employee.

6.2.2. Reporting the W-4 to the IRS.

6.2.2.1. Employers may be directed by a written notice from IRS to send a specific W-4 to the IRS for review. If the PRO receives a written notice, then the PRO will obtain a copy of the requested W-4 and follow the guidance for submitting the W-4 to the IRS.

6.2.2.2. If the IRS determines that an employee does not have enough withholding, then the IRS may send the PRO a letter commonly called a lock-in-letter. The lock-in-letter will specify the filing status, multiple job adjustments, and maximum amount of credit or deductions permitted for a specific employee for purposes of calculating the required withholding. The PRO must furnish a copy of this letter to the employee within 10 business days of receipt of the letter. The PRO will begin the withholding based on the date specified in the letter.

6.3 Withholding Status Change

If an employee submits a new W-4, the PRO will change the withholding effective the next pay period. Retroactive adjustments are not permissible, even if an employee claims the W-4 on file is erroneous and submits a corrected one.

6.4 Compensation Subject to Income Tax

See Table 4-1 for taxability of particular types of compensation.

6.5 Exemption From Withholding

An employer is not required to deduct and withhold any federal income tax from wages paid to an employee who has certified to the employer (as prescribed by IRS) that the employee incurred no income tax liability for the preceding year and that the employee expects no liability for the current year. A W-4 claiming exemption from withholding is effective when it is given to the employer and only for that calendar year. To continue to be exempt from withholding, an employee must submit a new W-4 by February 15. If the employee fails to file the W-4 claiming

exemption from withholding by February 15, the PRO will treat the employee as a single filer with no adjustments when withholding tax. If the employee provides a new W-4 on February 16 or later, the PRO will apply it to future wages but will not refund any taxes already withheld.

6.6 Retained Copies of Form 941 and Related Reports

As forms become superseded or obsolete, the PRO should remove them from the active file and place in an inactive file. The Treasury's forms (e.g., the 941 or W-4) do not have to be sent to the IRS District Director. However, if requested, the PRO must show that the information is on file as a supporting record.

6.7 Adjustments in Tax Withheld

6.7.1. Under-Withheld Taxes. If the PRO does not withhold income, Social Security, or Medicare taxes, or if less than the correct amount is withheld from the employee's wages, the adjustment to the employee's pay may be made in a later pay period of the same calendar year. The underpayment must be paid to the IRS by the employer. Under-withheld income tax should be recovered from the employee on or before the last day of the calendar year that the tax was due. See Chapter 8 and Circular E for information on collection of a prior year tax debts. Make no adjustment if the error occurred in a prior calendar year or the employee is no longer on the payroll.

6.7.2. Refunding Taxes Incorrectly Withheld. If more than the correct amount of income, Social Security, or Medicare tax is withheld from employee's wages, the excess amount must be refunded to the employee before the end of the 3-year statute of limitations that applies to tax refunds. For example, if excess Social Security taxes were withheld from an employee's pay in CY 2019, the excess Social Security taxes could be refunded to the employee through April 15, 2022.

6.8 Tax Payments - Payment of Withheld Tax

6.8.1. Tax Collection. The PRO remits all federal income, Social Security, and Medicare taxes collected by the PRO directly to IRS through the Electronic Federal Tax Payment System (EFTPS). The EFTPS is a service offered by the Treasury that allows an agency to electronically file and make payments for the 941 taxes each quarter.

6.8.2. Accounting. The PRO making the tax collection is responsible for preparing and issuing the W-2 to the employee.

6.8.3. Disbursement. The disbursing office will disburse all taxes withheld based on the information provided by the PRO and the frequency of the payroll involved. The taxes are remitted for amounts withheld from wages for federal income, Social Security and/or Medicare taxes, and employer's contributions for Social Security and/or Medicare via the EFTPS.

6.9 Resident and Nonresident Aliens

6.9.1. Withholding Tax. Wages paid to both resident and nonresident aliens for services performed in the United States are subject to the withholding of federal income tax. The same regulations, procedures, and rates that govern U.S. citizens apply to resident and nonresident aliens. Generally, resident aliens are taxed in the same manner as U.S. citizens. However, for nonresident aliens, employers may be instructed to withhold an additional amount from a nonresident alien's wages. See Circular E for any additional withholding adjustments.

6.9.2. Withholding Allowances and Exemptions. Resident aliens may claim the full number of withholding allowances to which they would be entitled if they were U.S. citizens. Generally, nonresident aliens may claim one withholding allowance on the W-4. Nonresident aliens who are residents of Canada, Mexico, or South Korea, or a student/business apprentice from India, or a U.S. National may be able to claim additional withholding allowances. See [IRS Publication 519](#), U.S. Tax Guide for Aliens, for additional information. In general, federal income taxes on the wages of nonresident alien employees must be withheld. See [IRS Publication 515](#), Withholding of Tax on Nonresident Aliens and Foreign Entities, for exemptions to wage withholding.

6.9.3. Payment of Taxes and Tax Return. Federal income and Social Security/Medicare taxes withheld for resident and nonresident aliens covered in this chapter will be included with the total tax deposit payment and reported on the 941.

6.10 Lump-Sum Leave Payment Refunds From Reemployed Individuals

6.10.1. General. When a separated employee who received a lump-sum payment for annual leave is reemployed in federal service prior to the end of the period covered by the lump-sum payment, the employee must refund an amount equal to the pay covering the period between the date of reemployment and the expiration of the lump-sum period. See [5 U.S.C. § 6306](#). Refer to Chapter 8 regarding procedures on corrections of overpayments and underpayments.

6.10.2. Refunded Payments. See Chapter 8 regarding pay corrections and tax reporting on refunded lump-sum leave payments.

6.11 Advance Earned Income Credit (EIC)

The Education Jobs and Medicaid Assistance Act of 2010 ([PL 111-226](#)) signed into law on August 10, 2010, repealed the Advance EIC. After December 31, 2010, workers may not receive Advance EIC in their paychecks.

7.0 STATE INCOME TAX WITHHOLDING (SITW)

7.1 Withholding Authority

The withholding of state and territorial income taxes from the compensation of federal employees is allowed if an agreement has been entered into between the Secretary of the Treasury and the proper official of the state or territory. See [5 U.S.C. § 5517](#). Agreements exist between the Secretary of the Treasury and many of the states for withholding income tax from the compensation of federal employees whose regular place of employment is within the state. See Treasury Financial Manual ([TFM](#)), [Volume 1, Part 6, Chapter 5000, Appendix 2](#) for a list of states with existing agreements. If there is no existing agreement between a state and the Secretary of Treasury, then the employee may elect to have discretionary withholding for a state.

7.1.1. Wages Subject to State Withholding. Wages and salaries subject to federal income tax withholding are generally subject to state withholding. Cost-of-living allowances paid to employees in Hawaii are included as taxable income. Severance pay paid in accordance with [5 U.S.C. § 5595](#) is included; however, state income tax should not be withheld from severance pay paid to the survivor of a deceased employee.

7.1.2. Withholding Requirements. When a state statute provides for the collection of a tax by the employer, withholding is required for any DoD employee who is subject to the tax and whose regular place of federal employment is within the state (if the state has entered into an agreement). Generally, the employee's official duty station is where the employee reports regularly to perform services. For an employee whose duties are performed at a place other than his or her official duty station, the regular place of federal employment is the place where the employee actually and normally performs their duties.

7.1.3. Withholding Certificate. The DoD requires employees to complete a withholding certificate as the basis to properly withhold state taxes. The certificate should specify if the employee is subject to the tax, the employee's residence and regular place of employment, exemptions, allowances (if applicable). This certificate remains in effect until the employee submits a new certificate. If an employee does not furnish a withholding certificate for a designated state, the maximum amount applicable to the employee's annual compensation is withheld.

7.1.4. Methods for Withholding. The amount of state, city, or county income or employment tax withheld from the compensation of an employee or member of the armed forces must, at a minimum, approximate the tax required to be withheld. Withholding may be accomplished based on one of the following methods:

7.1.4.1. Applicable tax withholding rate(s) specified in the state, city, or county instructions;

7.1.4.2. Any other percentage or formula method; or

7.1.4.3. A calculated, fixed amount to be deducted each pay period from the compensation of the employee.

7.1.5. Reciprocal Agreements. The state requirements for withholding income tax may be modified by reciprocal agreements between states. The effect of reciprocal agreements generally is to relieve nonresident employees of their tax liability to the state in which they are employed. Reciprocal agreements also relieve the employer of the duty to withhold such taxes. To comply with Treasury-state withholding agreements, agencies must conform to the withholding provisions of reciprocal agreements. If an employee is subject to withholding in more than one state, use separate deduction codes to identify tax remittance for each state.

7.1.5.1. Employees usually are subject to withholding for the state in which their duty station is located. The employee's SF 50 shows the duty location. The duty station also governs withholding for employees in continual travel status. For an employee who performs duties at a place other than the official duty station, the place where the employee regularly performs his or her duties is considered the regular place of employment for state tax withholding purposes.

7.1.5.2. Reciprocal agreements between states may affect automatic withholding according to the duty station. In all disputed cases, the PRO will:

7.1.5.2.1. Withhold tax; and

7.1.5.2.2. Advise the employee to negotiate the tax liability directly with the proper taxing authority.

7.1.6. Nonresident Employees

7.1.6.1. Some states permit nonresident employees to certify their compensation is not subject to that state's income tax. When the agreement or state law contains such a provision, the employee's signed statement is accepted as justification to discontinue withholding of state income tax. The statement is filed with the employee's W-4.

7.1.6.2. Nonresident employees, who under the state income tax law are required to allocate at least three-fourths of their compensation to the state, are subject to withholding on their entire compensation. Nonresident employees, who under the state income tax law are required to allocate less than three-fourths of their compensation to the state, may elect to:

7.1.6.2.1. Have state income tax withheld on their entire compensation; or

7.1.6.2.2. Have no state income tax withheld on their compensation ([31 CFR 215.10\(a\)](#)).

7.1.7. State Income Tax Discretionary Deductions

7.1.7.1. When a state provides for discretionary allotment withholdings, the PROs will withhold state taxes only for those employees who have a legal obligation to pay and who elect such withholding. This applies whether or not the Treasury has a withholding agreement with the state.

7.1.7.1.1. Employees must request the allotment on a proper withholding certificate.

7.1.7.1.2. Employee tenure does not affect the allotment.

7.1.7.2. Employees located in foreign areas must assume the responsibility for determining the need for state and local taxes. However, before submitting a request, an employee must be advised to:

7.1.7.2.1. Obtain assistance from the employing activity legal staff available to him or her; or

7.1.7.2.2. Contact the appropriate state or local income tax office as to the applicability of withholding taxes while on an overseas assignment. Preferably, this should be completed prior to an employee's departure from the continental United States (CONUS). If the employee determines a withholding liability applies, then the PROs will honor the request.

7.1.7.3. The PRO must comply with the agreement, regulations, and instructions of the state concerned.

7.1.7.3.1. The PRO will base the allotment amount on either:

7.1.7.3.1.1. The amount (in whole dollars) set by an employee; or

7.1.7.3.1.2. The withholding certificate filed by an employee and the state withholding tables or formulas.

7.1.7.3.2. The PRO will pay withheld state income taxes to each state concerned as prescribed for that state.

7.1.8. State Exemption Certificates. Employees are subject to mandatory withholding under Treasury-state withholding agreements. However, an employee may claim exemption from withholding under certain conditions. The PROs must:

7.1.8.1. Require the use of state-furnished tax exemption certificates, if available; and

7.1.8.2. Give the designated official of the taxing state the following information (on request) about employees claiming exemption;

7.1.8.2.1. Name,

7.1.8.2.2. SSN, and

7.1.8.2.3. The basis for the claimed exemption.

7.1.9. Military Spouses Residency Relief Act (MSRRA)

7.1.9.1. The MSRRA ([PL 111-97](#)), enacted November 11, 2009 (50 U.S.C. § 571), allows for an employee, who is also a spouse of a military service member, to claim an exemption from state withholding on wages because:

7.1.9.1.1. The employee's spouse is a member of the Armed Forces assigned to duty in the state of the employee's employment in compliance with military orders;

7.1.9.1.2. The employee is present in the state of employment solely to be with the employee's military spouse; and

7.1.9.1.3. The employee maintains a residence or domicile in another state.

7.1.9.2. Under the MSRRA, employees must establish that they have a residence or domicile in a state other than the state of employment. An employee who is a military spouse is still liable for income taxes imposed by his or her state of legal residence or domicile. Once an employee establishes that he or she has a residence or domicile in a state other than the state of employment, the employee may claim an exemption from state tax in the state of employment.

7.2 PRO Responsibilities

The PRO will send copies of the W-2 to states that have negotiated agreements with the Secretary of the Treasury with respect to employees who are subject to mandatory state withholding, or who may elect withholding under a state law. See the [TFM, Volume 1, Part 6, Chapter 5000](#), Withholding of District of Columbia, State, City, and County Income or Employment Taxes.

7.2.1. Accounting for Withheld Taxes

7.2.1.1. Employee Pay Records. The PRO will record the amounts withheld each pay period on an employee's pay record when a special payment occurs; otherwise, the system will automatically update an employee's records.

7.2.1.2. Deposit Accounts. The PRO will:

7.2.1.2.1. Compute the total of withheld state taxes; and

7.2.1.2.2. Deposit the total amount for withheld state income taxes in accordance with Treasury's Federal Account Symbols and Titles (FAST) Book II. Credit the appropriate deposit account regardless of the employing activity of the employee.

7.2.1.3. Error Corrections. The PRO should correct a clerical error made in the prior pay period to the current calendar year if the employee is still on the payroll. If the error resulted in the under-deduction of taxes, the PRO must follow due process procedures to collect the taxes paid on behalf of the employee. If the error resulted in the over-deduction of withheld taxes, the PRO must refund the amount of the over-deduction to the employee on the next regular payroll cycle. The PRO will not make any adjustment if:

7.2.1.3.1. The employee is no longer on the payroll; or

7.2.1.3.2. The error was in a prior calendar year.

7.2.1.4. Paying Out Withheld Taxes

7.2.1.4.1. Frequency. The PROs will comply with the state's current tax law, whether payment is required biweekly, monthly, or quarterly. The PROs will not make payments more often than required under state tax law.

7.2.1.4.2. Payment Identification. The disbursing officer will issue checks based on an approved voucher prepared by the PRO. The PRO must prepare required tax payment documents.

7.2.1.5. Balancing State Wage and Tax Information. The PRO will balance the amounts reported on the W-2 to each state with year-to-date control totals for state taxes withheld and state taxable wages. These amounts must balance before the W-2s are distributed to employees and forwarded to the states.

7.2.1.6. Collection of Delinquent Taxes. The collection of a tax levy from a state or local government is authorized by [5 CFR Part 582](#). The DFAS Cleveland (DFAS-CL/L) has been designated as the agent to accept legal process for DoD civilian employees for state or local tax levies. Send all state income tax liens to the following address:

DFAS-CL/L
Attention: OGC
P.O. Box 998002
Cleveland, OH 44199-8002

7.2.1.7. Notice to Employees. The DoD Components should advise their employees that information returns will be sent to state and other taxing authorities of the employee's place of employment (and, in some cases, place of residence) where such authorities have requested the information. Only information properly releasable under the Privacy Act of 1974 ([5 U.S.C. § 552a](#)) or the applicable notice of routine use may be released.

7.2.2. Recordkeeping

7.2.2.1. The PROs must retain the following records of state tax deductions:

7.2.2.1.1. EIN assigned by the state;

7.2.2.1.2. Amounts and dates of all payments and wages subject to state tax withholding;

7.2.2.1.3. Names, addresses, and Social Security Numbers (SSNs) of employees; and

7.2.2.1.4. Dates and amounts of tax deposits made.

7.2.2.2. The HROs will retain the following:

7.2.2.2.1. The employee's state withholding allowance certificate, which will be kept until superseded or canceled; and

7.2.2.2.2. Dates of employment.

7.2.3. Official State and Territory Codes and Abbreviations. The official abbreviations and codes for the United States (including D.C.) are listed in Table 4-3. The official abbreviations for U.S. possessions and territories are listed in Table 4-4. No other abbreviations or codes may be used.

7.3 Guam or the Commonwealth of Northern Mariana Islands Federal Income Taxes

The total amount of federal income taxes withheld from employee salaries creditable to Guam or the Commonwealth of Northern Mariana Islands must be certified and submitted each calendar quarter to the IRS. The certifications must include the employer identification number, the quarter covered by the certifications, and the dollar amount withheld. The submission may contain one certification, but amounts attributable to Guam and the Commonwealth of Northern Mariana Islands must be reported separately. Refer to the [IRS Publication 80, \(Circular SS\)](#), Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

8.0 CITY AND LOCAL INCOME TAX WITHHOLDING

8.1 Withholding Authority

Withholding of city, county, or employment tax from compensation of federal employees who are subject to tax and whose regular place of federal employment is within the city or county which has entered into a proper agreement with the Secretary of the Treasury is authorized by [5 U.S.C. § 5520](#). Withholding is also required if the employee is a resident of the city or county. Each DoD employee must complete a withholding certificate for city or local taxes as a basis for proper withholding. An out-of-state employee's consent to have city or local taxes withheld is also required when applicable.

8.1.1. Treasury Agreements. An agreement must be reached between the Secretary of the Treasury and the applicable city, county, or local taxing authority before withholding is required. See TFM, Volume 1, Part 6, Chapter 5000. The agreement provides for mandatory withholding of income or employment tax from the compensation of federal employees whose regular place of employment is within the city or county or who are residents of the city or county. Generally, this is where employees report for work. In the case of employees who perform their services other than where they report, the regular place of employment is where the employee regularly performs his or her services.

8.1.2. Wages Subject to City and County Withholding. The PROs must apply policies and follow procedures as prescribed for each state in the determination of employee wages subject to mandatory city and county withholding.

8.1.2.1. Basic Wages. All wages and salaries subject to federal income tax withholding are normally subject to city and county withholding. Severance pay paid to an employee is generally included. However, when paid to the survivor of a deceased employee, exclude severance pay.

8.1.2.2. Mandatory Withholding

8.1.2.2.1. The PRO must withhold tax from wages of federal employees who reside in cities or counties that have entered into withholding agreements.

8.1.2.2.2. The PRO must withhold tax from the wages of federal employees whose regular place of federal employment is within a city or county where they are subject to tax. If employees reside in a state other than the state in which the city or county is located, then they are exempt from mandatory withholding.

8.1.2.2.3. The federal employee's regular place of employment usually is the employee's official duty station that is on the SF 50. If an employee actually performs service at a location other than the official duty station, that alternate location becomes the regular place of employment.

8.1.2.2.4. Many local ordinances tax only wages for services performed within the city or county; in most cases, this applies only to nonresident employees. Employees eligible to exclude part of their annual income under such provisions must submit a withholding certificate that specifies the amount or percentage. The PRO must reduce withholding accordingly. If the employee does not file a certificate, the PRO must withhold tax based on the employee's total compensation. The PROs must not make an adjustment in withholding if employees perform less than 25 percent of their services outside the city or county.

8.1.3. Withholding Certificates

8.1.3.1. Employees must submit withholding certificates and provide all the information needed to deduct city or county income taxes. If employees do not provide a certificate, then the PRO must withhold tax at the highest level that applies to their annual wages. However, the PRO must not withhold any tax from wages of out-of-state employees until they present a form consenting to withholding.

8.1.3.2. Employing activities may use a withholding or exemption certificate furnished by a city or county only if it contains all required information. If the form does not contain all needed information, then employing activities may use Treasury's Fiscal Service [*\(FS\) Form 7311*](#), Employee Withholding Certificate for Local Taxes. See TFM, Volume 1, Part 6, Chapter 5000.

8.1.3.3. Agencies may provide copies of completed withholding forms to the city or county when requested by the taxing authority for which the tax was withheld.

8.1.4. Discretionary Withholding of City or Local Tax

8.1.4.1. Nonresident Employees. An employee who does not reside in the state in which the city or county (place of employment) is located is exempt from mandatory withholding; however, the PRO may withhold tax with the employee's consent. The employee must submit a withholding certificate.

8.1.4.2. Allotment for Discretionary Deduction. Employees have the option of making discretionary allotments for the payroll deduction of taxes of their city or county of residence if employed outside that location. The fact that taxes are withheld for the city or county of employment does not affect the employee's discretionary allotment.

8.1.4.2.1. An employee may make a discretionary allotment for withholding even though the city or county does not have a withholding agreement.

8.1.4.2.2. The PRO must set the allotment amount on the city or county withholding method or deduct a whole dollar amount set by the employee. The employee must submit a proper withholding certificate.

8.1.4.3. Accounting for Discretionary Withholding. The PRO must account for discretionary tax deductions as prescribed for mandatory withholdings.

8.1.4.4. Methods for Withholding. The PRO must withhold tax based on one of the following methods:

8.1.4.4.1. The proper city or county tax withholding rate set in the city or county instructions;

8.1.4.4.2. The prescribed percentage or formula method; or

8.1.4.4.3. Computation of a set amount to be deducted from the employee's pay each pay period.

8.1.4.5. Minimum Withholding. The PRO must deduct an amount, at a minimum, nearly equal to the tax required by the city or county.

8.2 PRO Responsibilities

The PRO must record amounts withheld each pay period in the employee's pay record when a special payment occurs. Otherwise, the system will automatically update an employee's record.

8.2.1. Deposits. The PRO must:

8.2.1.1. Compute withheld city (or county) income tax below state or territorial tax and the total amount withheld each pay period; and

8.2.1.2. Credit the withheld tax into the appropriate deposit fund account for city and county tax.

8.2.2. Correcting Errors. The PROs must apply the same instructions applicable to the withholding of state taxes.

8.2.3. Paying Out Withheld Taxes. The PROs must apply instructions for state tax.

8.3 Recordkeeping

8.3.1. The PROs must keep all records of city or county income tax deductions. Records should include the following:

8.3.1.1. EIN assigned by the city or county;

8.3.1.2. Amounts and dates of all wages subject to city or county tax withholding;

8.3.1.3. Names, addresses, and SSN of employees;

8.3.1.4. Dates and amounts of city or county tax paid; and

8.3.1.5. Copies of all returns filed.

8.3.2. The employing activity must retain withholding authorization certificates for city tax deductions for each employee until superseded or canceled.

*Figure 4-1: Order of Precedence for Processing Mandatory and Voluntary Deductions

When Gross Pay is Not Sufficient. If a DoD employee's gross pay is not sufficient to permit all required deductions, the order of precedence under which deductions must be withheld as indicated in the list below:

1. RETIREMENT DEDUCTIONS
 - a. Civil Service Retirement System (CSRS)
 - b. Federal Employees Retirement System (FERS)
 - c. Civil Service Retirement System - Offset (CSRS-Offset)
 - d. Title 32 National Guard
 - e. Non-Appropriated Fund Instrumentality (NAFI) Employee Retirement Contributions
2. OASDI (Social Security) (collected under the authority of FICA)
3. MEDICARE TAX (collected under the authority of FICA)
4. FEDERAL INCOME TAX
5. HEALTH INSURANCE PREMIUMS (may be pre-tax [benefit under Federal Flexible Benefits Plan or cafeteria plan](#))
6. BASIC GROUP LIFE INSURANCE PREMIUMS
 - a. Federal Employees Group Life Insurance (FEGLI)
 - b. State Life Insurance Premiums
7. STATE INCOME TAX
8. LOCAL INCOME TAX
9. COLLECTION OF DEBTS OWED TO THE UNITED STATES
 - a. Continuous Levy under the Federal Payment Levy Program (tax debt)
 - b. Salary Offsets
10. COURT-ORDERED COLLECTION/DEBT
 - a. Child Support
 - b. Alimony
 - c. Bankruptcy
 - d. Commercial Garnishments

*Figure 4-1: Order of Precedence for Processing Mandatory and Voluntary Deductions (Continued)

11.	OPTIONAL BENEFITS (see Chapter 11)
a.	Health Care/Limited-Expense Health Care Flexible Spending Accounts (pre-tax benefit under Federal Flexible Benefits Plan or cafeteria plan)
b.	Dental (pre-tax benefit under Federal Flexible Benefits Plan or cafeteria plan)
c.	Vision (pre-tax benefit under Federal Flexible Benefits Plan or cafeteria plan)
d.	Health Savings Account (pre-tax)
e.	Optional Life Insurance Premiums
f.	Long-Term Care Insurance Premiums
g.	Dependent Care Flexible Spending Accounts (pre-tax benefit under Federal Flexible Benefits Plan or cafeteria plan)
h.	TSP
	(1) Loan Payments
	(2) Basic Contributions (may be pre-tax)
	(3) Catch-up Contributions (may be pre-tax)
i.	Other Optional Benefits
12.	OTHER VOLUNTARY DEDUCTIONS/ALLOTMENTS
a.	Military Service Deposits
b.	Professional Associations
c.	Union Dues
d.	Charities
e.	Bonds
f.	Personal Account Allotments (to savings or checking accounts)
g.	Additional Voluntary Deductions (on first-come, first-served basis)
13.	INTERNAL REVENUE SERVICE (IRS) PAPER LEVIES

Table 4-1: Mandatory Deductions Withheld From Civilian Pay for CSRS and FERS Employees

COMPENSATION TYPE	FED. TAX	SOCIAL SECURITY	MEDI-CARE	STATE	CITY/LOCAL	RET	TSP
1. Premium pay: Sunday, Holiday and Overtime;	YES	YES	YES	YES	YES	NO	NO
Standby Duty, Availability Pay, and Administratively Uncontrollable Overtime	YES	YES	YES	YES	YES	YES	YES
2. Basic Pay	YES	YES	YES	YES	YES	YES	YES
3. Differentials include Night, Hazardous, Post (Non-foreign & foreign), Staffing, Supervisory	YES	YES	YES	YES	YES	NO	NO
4. Other Differentials: Shift, Environmental, and Tropical	YES	YES	YES	YES	YES	YES	YES
5. Lump-Sum Leave	YES	YES	YES	YES	YES	NO	NO
6. Severance Pay	YES	YES	YES	YES	YES	NO	NO
7. Awards	YES	YES	YES	YES	YES	NO	NO
8. Allowances include Living Quarters, Temporary Quarters Subsistence, Post, Foreign Transfer, Home Service Transfer, Separate Maintenance, Official Residence, Representation, Cuba Benefit	NO	NO	NO	NO	NO	NO	NO
9. Other Allowances:							
a. Non-foreign Cost-of-Living	NO	NO	NO	*	*	NO	NO
b. Physicians Comparability	YES	YES	YES	YES	YES	YES	YES
c. Remote Site	YES	YES	YES	*	*	NO	NO
d. Danger Pay	YES	YES	YES	YES	YES	NO	NO
10. Recruitment, Relocation, and Retention Incentives	YES	YES*	YES	YES	YES	NO	NO
11. Separation Incentive Pay	YES	YES	YES	YES	YES	NO	NO

*Varies by state and city/local taxing authority. See also Chapter 3 for additional guidance.

*Table 4-2: 1994-2023 FICA Percent Rates: Social Security and Total Maximum Tax

<u>CALENDAR YEAR</u>	<u>MAXIMUM GROSS PAY</u>	<u>SOCIAL SECURITY</u>	<u>MEDICARE*</u>	<u>MAXIMUM TAX PAYABLE</u>
1994	60,600	6.20%		3,757.20
1995	61,200	6.20%		3,794.40
1996	62,700	6.20%		3,887.40
1997	65,400	6.20%		4,054.80
1998	68,400	6.20%		4,240.80
1999	72,600	6.20%		4,501.20
2000	76,200	6.20%		4,724.40
2001	80,400	6.20%		4,984.80
2002	84,900	6.20%		5,263.00
2003	87,000	6.20%		5,394.00
2004	87,900	6.20%		5,449.80
2005	90,000	6.20%		5,580.00
2006	94,200	6.20%		5,840.40
2007	97,500	6.20%		6,045.00
2008	102,000	6.20%		6,324.00
2009-2010	106,800	6.20%		6,621.60
2011**	106,800	4.20%		4,485.60
2012***	110,100	4.20%		4,624.20
2013****	113,700	6.20%		7,049.40
2014	117,000	6.20%		7,254.00
2015-2016	118,500	6.20%		7,347.00
2017	127,200	6.20%		7,886.40
2018	128,400	6.20%		7,960.80
2019	132,900	6.20%		8,239.80
2020	137,700	6.20%		8,537.40
2021	142,800	6.20%		8,853.60
2022	147,000	6.20%		9,114.00
2023	160,200	6.20%		9,932.40

* From 1994 to 2011, the Medicare tax is 1.45% with no limit on the maximum amount of taxable wages for Medicare. Beginning in 2013, the employee's portion of the Medicare tax is increased by an additional 0.9% (a total of 2.35%) for wages in excess of \$200,000.

** For 2011, the employee's portion of the Social Security tax is 4.2%. The employer's portion of the Social Security tax in 2011 remains 6.2% for the employee's first \$106,800 of taxable earnings. In addition to the Social Security tax, an employee is subject to a Medicare tax of 1.45%, with no limit on the maximum amount of taxable wages for Medicare. The employer must pay a Medicare tax of 1.45% and the combined Medicare tax for 2011 remains at 2.9% on all employee earnings.

*** For 2012, the employee's portion of the Social Security tax remained at 4.2%.

**** For 2013, the employee's portion of the Social Security tax is 6.2%.

See the Social Security Administration's [Social Security & Medicare Tax Rates](#) for historical information (CY 1993 and prior years) or regarding rates and limits in Table 4-2.

Table 4-3: State Abbreviations and Numeric Codes

<u>STATE</u>	<u>ABBREVIATION</u>	<u>CODE</u>
Alabama	AL	01
Alaska	AK	02
Arizona	AZ	04
Arkansas	AR	05
California	CA	06
Colorado	CO	08
Connecticut	CT	09
Delaware	DE	10
District of Columbia	DC	11
Florida	FL	12
Georgia	GA	13
Hawaii	HI	15
Idaho	ID	16
Illinois	IL	17
Indiana	IN	18
Iowa	IA	19
Kansas	KS	20
Kentucky	KY	21
Louisiana	LA	22
Maine	ME	23
Maryland	MD	24
Massachusetts	MA	25
Michigan	MI	26
Minnesota	MN	27
Mississippi	MS	28
Missouri	MO	29
Montana	MT	30
Nebraska	NE	31
Nevada	NV	32
New Hampshire	NH	33
New Jersey	NJ	34
New Mexico	NM	35
New York	NY	36
North Carolina	NC	37
North Dakota	ND	38
Ohio	OH	39

Table 4-3: State Abbreviations and Numeric Codes (Continued)

<u>STATE</u>	<u>ABBREVIATION</u>	<u>CODE</u>
Oklahoma	OK	40
Oregon	OR	41
Pennsylvania	PA	42
Rhode Island	RI	44
South Carolina	SC	45
South Dakota	SD	46
Tennessee	TN	47
Texas	TX	48
Utah	UT	49
Vermont	VT	50
Virginia	VA	51
Washington	WA	53
West Virginia	WV	54
Wisconsin	WI	55
Wyoming	WY	56

Table 4-4: U.S. Possessions and Territories Abbreviations and Numeric Codes

<u>U.S. POSSESSION OR TERRITORY</u>	<u>CODE</u>
American Samoa	60
Defense Complex Panama	61
Canton and Enderbury Islands	62
Guam	66
Johnston Atoll	67
Midway Islands	71
Puerto Rico	72
Ryuku Islands, Southern	73
Swan Islands	74
Trust Territories of Pacific Islands	75
U.S. Miscellaneous Caribbean Islands	76
U.S. Miscellaneous Pacific Islands	77
Virgin Islands	78
Wake Island	79

REFERENCES

CHAPTER 4 – MANDATORY DEDUCTIONS

2.0 – MANDATORY DEDUCTIONS

- 2.1 DoD FMR Volume 8, Chapter 11
- 2.3 National Archives, General Records Schedule 2

3.0 – ORDER OF PRECEDENCE

- 3.1 OPM Memorandum, PPM-2008-01
- 3.1.2.2 5 CFR 581.105(e)

4.0 – RETIREMENT DEDUCTIONS

- 4.1.1 CSRS and FERS Handbook
- 4.1.1.2 5 U.S.C. § 8401
- 4.1.2 5 U.S.C. § 8336a
- 5 CFR Part 848
- CHCOC Phased Retirement Guidance
- OPM Phased Retirement
- DoD FMR Volume 8, Chapter 10
- 4.1.3 CSRS and FERS Handbook
- BAL 15-303
- 4.1.3.1 CSRS and FERS Handbook, Chapter 1,
section 1C3.1-D
- 4.1.6.1 CSRS and FERS Handbook, Chapter 81, part 81A2
- 4.1.6.2 OPM Operating Manual, Guide to Data Standards
- CSRS and FERS Handbook, Chapter 81,
part 81A2-2
- 4.1.6.2.1 5 CFR 630.502(b)
- CSRS and FERS Handbook, Chapter 81,
section 81A2.3-1
- 4.1.6.2.2 CSRS and FERS Handbook, Chapter 81B
- 4.1.6.2.3 FEGLI Program Handbook
- 4.1.6.2.4 BAL 15-102
- 4.1.6.3 CSRS and FERS Handbook, Chapter 81,
section 81A2.2-4
- 4.1.6.3.1 CSRS and FERS Handbook, Chapter 80
- 4.1.6.3.2 CSRS and FERS Handbook, Chapter 32A
- CSRS and FERS Handbook, Chapter 32B

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- 4.1.6.3.2.1 CSRS and FERS Handbook, Chapter 60
CSRS and FERS Handbook, Chapter 81,
section 81A.2.3-2
- 4.1.6.3.4 CSRS and FERS Handbook, Chapter 81,
section 81A.2.3-1
- 4.1.6.3.5 CSRS and FERS Handbook, Chapter 23
DoD FMR Volume 8, Chapter 11
- 4.1.8.1 CSRS and FERS Handbook, Chapter 81, part 81A3.
- 4.1.9 CSRS and FERS Handbook, Chapter 81,
section 81A.2.3-3
- 4.1.10.1 CSRS and FERS Handbook, Chapter 5
- 4.1.10.2 DoD FMR Volume 16, Chapter 3
CSRS and FERS Handbook, Chapter 4
CSRS and FERS Handbook, Chapter 5
- 4.1.11 DoD FMR Volume 8, Chapter 9
CSRS and FERS Handbook, Chapter 80
- 4.2 32 U.S.C. § 709
CSRS and FERS Handbook, Chapter 12
- 4.3 5 U.S.C. § 2105(c)
DoDI 1400.25-V1408, Insurance and Annuities
for NAF Employees
- 4.3.2 DCPAS Portability of Benefits Reference Guide
5 CFR Part 847
5 CFR 1620, subpart D
- 4.3.4.1 NAFI Employee's Retirement Credit Act of 1986,
PL 99-638
5 U.S.C. § 8332
- 4.3.4.2 The Portability of Benefits for NAF Employees Act
of 1990, PL 101-508, section 7202
5 U.S.C. § 8332
- 4.3.4.3 NDAA FY 1996, PL 104-106, section 1043
5 U.S.C. § 8332
- 4.3.4.4 NDAA FY 2002, PL107-107,
sections 1131 and 1132
5 U.S.C. § 8332
- 4.3.5 5 CFR 847.202
- 4.4.1 10 U.S.C. § 2113
USUHS Instruction 1418, Civilian Faculty
Benefits Plan

REFERENCES (Continued)

5.0 – FEDERAL INSURANCE CONTRIBUTIONS ACT (FICA) TAX

5.1	26 U.S.C., Chapter 21 Social Security Handbook
5.1.1	Social Security Handbook, section 940
5.1.1.2	26 U.S.C. § 3121(b)(6)
5.1.1.3	26 U.S.C. § 3121(b)(6)
5.1.1.5	26 U.S.C. § 3112
5.3.1	IRS Publication 15, Circular E
5.3.2	85 FR 49587 IRS Notice 2021-11
5.3.3	IRS Publication 15, Circular E

6.0 – FEDERAL INCOME TAX WITHHOLDING (FITW)

6.1.1	26 U.S.C. § 3402 IRS Publication 15, Circular E 26 U.S.C. § 3306
6.1.2	IRS Publication 15, Circular E
6.1.3	TCJA of 2017, PL 115-97
6.1.4	IRS Publication 15-T
6.7.1	DoD FMR Volume 8, Chapter 8 IRS Publication 15, Circular E
6.9.1	IRS Publication 15, Circular E
6.9.2	IRS Publication 519 IRS Publication 515
6.10.1	5 U.S.C. § 6306 DoD FMR Volume 8, Chapter 8
6.10.2	DoD FMR Volume 8, Chapter 8
6.11	Education Jobs and Medicaid Assistance Act of 2010, PL 111-226

7.0 – STATE INCOME TAX WITHHOLDING (SITW)

7.1	5 U.S.C. § 5517 TFM, Volume 1, Part 6, Chapter 5000, Appendix 2
7.1.1	5 U.S.C. § 5595
7.1.6.2.2	31 CFR 215.10(a)
7.1.9.1	MSSRA, PL 111-97 50 U.S.C. § 571
7.2.1.2.2	Treasury's FAST Book II
7.2.1.6	5 CFR Part 582
7.2.1.7	Privacy Act of 1974, 5 U.S.C. § 552a
7.3	IRS Publication 80, Circular SS

REFERENCES (Continued)

8.0 – CITY AND LOCAL INCOME TAX WITHHOLDING

8.1	5 U.S.C. § 5520
8.1.1	TFM, Volume 1, Part 6, Chapter 5000
8.1.3.2	TFM, Volume 1, Part 6, Chapter 5000