



2023 Payroll Newsletter



MEMORANDUM FOR: ALL GENERAL SERVICES ADMINISTRATION (GSA) AND CLIENT AGENCY EMPLOYEES

FROM: Bart Jestel
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GSA Office of Chief Financial Officer

The 2023 Payroll Newsletter provides general information for all General Services Administration (GSA) and client agency employees. As a reminder, the GSA Office of the Chief Financial Officer (OCFO) Payroll Operations provides payroll services for executive branch, legislative branch and quasi-federal employees. This newsletter covers many payroll issues and serves as a summary of changes effective in calendar year 2023.

Some important changes occurring in 2023:

- ❖ An across-the-board 4.1% pay raise, plus a 0.5% locality pay adjustment, totaling an average 4.6% pay increase
- ❖ Rate changes to Federal Employees Health Benefits (FEHB)
- ❖ New 2023 Combined Federal Campaign (CFC) contributions
- ❖ Federal, state and local tax changes
- ❖ Increase to Pre-Tax Qualified Transportation Fringe Benefits (TEA-21) Program
- ❖ An increase to the FSA carryover amount for 2022
- ❖ Employee Express 60-day lockout due to inactivity



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1.



Reminder To Review Your Earnings and Leave Statement in Employee Express

Each employee is provided a comprehensive Earnings and Leave Statement (ELS) every pay period, whereby you can determine the accuracy of your pay and leave.

Although your servicing HR Office, supervisor and the GSA Payroll Operations staff have many internal controls in place and make every effort to process your personnel, timecard and payroll actions promptly and without error, mistakes can happen. One of the internal controls is for you to review your biweekly ELS. The ELS is located at [Employee Express](#) and is designed for you to identify and report mistakes in your pay, benefits, deductions and leave balances.

Reviewing your ELS every pay period is important, **especially** at the beginning of the calendar year when many changes are implemented. If there is an error in your pay from either pay calculation or withholdings and you are overpaid, you will be **required to pay back** any overpayments received as a debt to the government.

The Comptroller General of the United States has repeatedly ruled that if an employee has information available to them regarding their pay and an error occurs, they must pay back any resulting overpayments. In rare instances and on a case-by-case basis, an erroneous overpayment may be waived. In that event, the erroneous overpayment becomes taxable and will be reportable to the Internal Revenue Service (IRS) to determine if it is taxable income.

2.



NEW Salary Changes for 2023

- a. Differences in your pay beginning in the pay period ending (PPE) on January 14, 2023, (and electronically transferred on January 20, 2023) may be the result of changes in the following:
 - An across-the-board pay raise of 4.1% plus an a 0.5% locality pay adjustment, totaling an average 4.6% pay increase
 - Federal Employees Health Benefits Insurance rate changes
 - 2023 Combined Federal Campaign (CFC) contributions (See section 14 details below)
- b. Federal Employee Dental and Vision Insurance Program (FEDVIP) changes
- c. Federal, state and local tax changes (See section 7 details below)
- d. Flexible Spending Account (FSAFEDS) Health Care - the IRS employee contribution limit has increased \$200 from 2022 to \$3,050 for 2023

3.  **Federal Income Tax Withholding (IRS Form W-4)**

- a. The IRS Form W-4, Employee's Withholding Allowance Certificate, is used by employees to designate how much of their taxable income is to be withheld and remitted to the IRS as advance tax payments throughout the year. To help you with calculating your tax withholdings, the IRS provides a [Tax Withholding Estimator](#).
- b. Please note that the IRS Form W-4 does go through updates and changes. The GSA Payroll Operations monitors and updates its payroll system to comply with these changes. Refer to the IRS website (<https://www.irs.gov/forms-pubs/about-form-w-4>) to download the latest form and research your questions when making and submitting your changes.
- c. You can update your federal income tax withholdings one of two ways:

- 1) Sign into [Employee Express](#) and click on "Federal Tax" on the left side of the main menu.
- 2) Go to the IRS [website](#), download the IRS Form W-4 form, complete the form, sign it and send the form to the GSA Payroll Operations at:

Email: KC-Payroll.Finance@gsa.gov

Fax: (816) 823-5435

Postal Mail: GSA Payroll Operations (BGC)
2300 Main Street 2NW Kansas City, MO 64108

4.  **Federal Income Tax Withholding (IRS Form W-4) Exempt from Taxes**

- a. You may claim exemption from federal tax withholding for 2023 if you meet both of the following conditions: you have no federal income tax liability in 2022 and you expect to have no federal income tax liability in 2023. You had no federal income tax liability in 2022 if:
 - 1) your total tax on line 24 on your 2022 Form 1040 or 1040-SR is zero (or less than line 32), or

- 2) you were not required to file a return because your income was below the filing threshold for your correct filing status.
- b. If you claim exemption, you will have no income tax withheld from your paycheck and may owe taxes and penalties when you file your 2023 tax return. You have two options to claim EXEMPT from federal tax:
- 1) Using the EEX and using the Federal Tax (W-4) function, select the check box at the bottom of the next screen and certify the statements on the final tax EXEMPT screen.
 - 2) **To claim exemption from withholding, certify that you meet both of the conditions above by writing "Exempt" on Form W-4 in the space below Step 4(c). Then, complete Steps 1(a), 1(b), and 5. Do not complete any other steps.** You will need to submit a new Form W-4 by February 15, 2023.
- c. Please note that effective February 15, 2023, your prior year IRS Form W-4 (2022) filing "Exempt" status expires. If GSA Payroll has not received an IRS Form W-4 for the 2023 tax year by February 16, 2023, we will begin withholding federal income tax under the "single/no exemption" formula as of PPE March 11, 2023. There are no refunds of tax withholdings if the IRS Form W-4 claiming "Exempt" status is submitted late.

5. 2022 Wage And Tax Statement (IRS Form W-2) Update

The GSA Payroll Operations will issue the 2022 IRS Form W-2, Wage and Tax Statement using EEX services. If you received your 2021 IRS Form W-2 electronically or you registered to receive an electronic 2022 IRS Form W-2 before the close of business on December 17, 2022, you are registered to receive your 2022 IRS Form W-2 via EEX.

The online 2022 IRS Form W-2 was made available to all employees on or before January 31, 2023, through the EEX [website](#). If you elect to receive your IRS Form W-2 in paper format, your IRS Form W-2 will be postmarked and mailed by January 31, 2023.

Upon an employee's separation, the GSA Payroll Operations will automatically set the indicator to have your W-2 mailed to your address on record with the Payroll Operations.

Employees should examine their IRS Form W-2 closely for legibility, accuracy and completeness. The instructional guide for reading the 2022 IRS Form W-2 may be

found on the GSA Payroll [website](#). You should compare the IRS Form W-2 with your final ELS for PPE December 17, 2022, to verify accuracy and completeness of the tax information included on the IRS Form W-2. Report any discrepancies to the GSA Payroll Operations Customer Service Center by email to kc-payroll.finance@gsa.gov.

6. **NEW Federal, State And Local Income Tax Changes**

The Federal and the following states and localities have new payroll tax rates in PPE 12/31/2022:

- State Tax Changes: Arizona, California, Iowa, Kentucky, Minnesota, Missouri, Montana, Nebraska, New York, South Carolina, Indiana, Maryland, Oregon, Mississippi, Maine, Vermont, Rhode Island, North Carolina.
- Local Tax Changes: City of Yonkers, Kenton County KY, Ohio School Districts and various Pennsylvania Act 32 localities.

Additional states have not published withholding rates for 2023. As these states publish new guidelines, a message will be sent out through EEX to notify employees.

Note: Please review your ELS to determine these effects on your pay.

7. **NEW TSP Deferral Limits**

The IRS deferral limit for 2023 is \$22,500. If you are turning 50 or are over the age of 50, you may contribute an additional \$7,500 for a total of \$30,000 in 2023.

8. **Supplemental Wage Withholding Rate**

Supplemental wages are non-regular wage payments to an employee. They include payments such as awards, overtime, severance pay, back pay, voluntary separation incentive payments, amended timecards and retroactive pay increases.

The federal income tax withholding rate for supplemental wages for 2023 will continue to be 22 percent (as in 2022). State and local taxes are applied as well.

9. **Cancellation of Debt (IRS Form 1099-C)**

If a federal government agency, financial institution, or a credit union cancels or forgives a debt owed of \$600 or more, an IRS Form 1099-C, Cancellation of Debt, must be provided to you.

Generally, you must include all canceled amounts, even if less than \$600, on the "Other income" line of IRS Form 1040, U.S. Individual Income Tax Return. IRS Form 1099-C, will be mailed by January 31, 2023.

Consult the IRS, or your financial/tax advisor, if you have additional questions on preparing your individual tax return.

10.  **NEW Old-Age, Survivors And Disability Insurance and Medicare Rates**

The 2022 and 2023 wage base limits for these two programs are shown in the table below. In 2023, the Medicare tax rate is 1.45 percent. The OASDI tax rate is 6.2 percent.

Year	OASDI Wage Base Limit	Medicare Wage Base Limit
2022	\$147,000	Unlimited*
2023	\$160,200	Unlimited*

**Under a provision of the Affordable Care Act, the employee-paid portion of the Medicare tax is subject to the 0.9 percent additional Medicare tax on amounts over statutory thresholds that are not inflation-adjusted and thus apply to more employees each year.*

The threshold annual compensation amounts that trigger the additional Medicare tax are:

- \$250,000 for married taxpayers who file jointly.
- \$125,000 for married taxpayers who file separately.
- \$200,000 for single and all other taxpayers.

11.  **NEW Flexible Savings Account (FSA)**

The maximum carryover amount for health FSA plans that permit the carryover of unused amounts in 2023 is **\$610**. This is an increase of \$40 from the original 2022 carryover limit.

12.  **NEW Pre-Tax Qualified Transportation Fringe Benefits (TEA-21) Program**

The IRS regulations allow employees to use pre-tax earnings to pay for the monthly cost of qualified vanpools, qualified parking expenses, or transit passes (where the agency does not provide a transit pass issued directly to their employees).

The IRS regulations (effective January 2023) authorize employees to claim up to \$300 per month in qualified parking benefits. In addition, employees can also claim up to \$300 per month for transportation in a commuter highway vehicle (a vehicle seating six or more passengers, not counting the driver). The \$300 monthly benefit for a commuter highway vehicle, when combined with the Transit Fare Subsidy, cannot exceed the \$300 per month limitation.

Reminder for all employees already enrolled in the TEA-21 benefit program, if your monthly costs change or you no longer qualify for the pre-tax transportation benefit, GSA employees must complete a GSA Form 3667 and other agency employees should use the Optional Form 3667, Application for Pre-tax Transportation Fringe Benefits (TEA-21) Program to update or cancel your participation. Links to these forms can be found on the GSA [website](#) under the “Forms, Documents and Other Links” tab.

To obtain information and program forms, employees of the GSA and its client agencies should contact their servicing HR Office, GSA Payroll Operations or visit the GSA [Forms Library](#). Once an employee completes the appropriate Form 3667, send the form to the GSA Payroll Operations at:

Email: KC-Payroll.Finance@gsa.gov
Fax: (816) 823-5435
Postal Mail: GSA Payroll Operations (BGC)
2300 Main Street 2NW Kansas City, MO 64108

Exceptions:

Employees of the Railroad Retirement Board (RRB) should contact Patricia Hopkins at (312) 751-4511 or Patricia.Hopkins@rrb.gov with questions specifically related to the RRB Pre-Tax Transit Benefits Program.

Employees of the Senate Restaurant Associates are not eligible for the pre-tax Qualified Transportation Fringe Benefits program through the GSA Payroll Operations.

13. **NEW Combined Federal Campaign (CFC) Contributions**

All employee 2023 CFC contributions will take effect PPE January 28, 2023 (EFT pay date February 3, 2023). Please verify your CFC withholding for this PPE by checking

your ELS against your pledge receipt. The 2023 CFC pledges received for new employees will take effect in the first pay period after receipt.

14. **Official Worksite for Location-Based Pay Purposes**

Certain location-based pay entitlements (such as locality payments, special rate supplements and non-foreign area cost-of-living allowances) are based on the location of the employee's official worksite associated with the employee's position of record. An agency must document an employee's official worksite on the employee's Notification of Personnel Action (Standard Form 50 or equivalent). See "Duty Station" blocks 38 and 39 of the Standard Form 50 showing the city/county and state in which the official worksite is located.

The official worksite generally is the location where the employee regularly performs his or her duties. If the employee's work involves recurring travel or the employee's work location varies on a recurring basis, the official worksite is the location where the work activities of the employee's position of record are based, as determined by the employing agency, subject to the requirement that the official worksite must be in a locality pay area in which the employee regularly performs work.

Whenever you have a personnel change, it is your responsibility to verify the accuracy of the change and report to your Servicing HR Office if you find an error. If you have any questions about your duty station, please contact your servicing HR Office. If there is an error in your pay because of a change in your official duty station and you are overpaid, you will be **required to pay back** any overpayments received as a debt to the government.

15. **Within-Grade Pay Increases (WGI)**

Within-Grade Increases (WGI) are pay increases received by Federal employees after they have served a specific amount of time at a certain grade level and demonstrated at least an acceptable level of performance.

A WGI is effective on the first day of the first pay period beginning on or after the completion of the required waiting period. You can calculate your next WGI by finding the effective date on the SF-50, Notification of Personnel Action for your last WGI and using the chart below:

WGI Step	Waiting Period Between Steps
2, 3 and 4	52 calendar weeks (1 year)
5, 6 and 7	104 calendar weeks (2 years)
8, 9 and 10	156 calendar weeks (3 years)

Whenever you have a personnel change, it is your responsibility to verify the accuracy of the change and report to your Servicing HR Office and supervisor if you find an error. If you have any questions about your WGI date, please contact your servicing HR Office. If there is an error in your WGI effective date and you are overpaid, you will be **required to pay back** any overpayments received as a debt to the government.

16.  **Allowances for Employees Relocated To Or Temporarily Deployed in Foreign Areas**

The Department of State Standardized Regulations (DSSR) governs employee allowances and benefits available to the U.S. Government civilians assigned to foreign areas. Employees should check both the DSSR and their agency's implementing policies for guidance on a specific allowance. The DSSR and other information of foreign allowances may be found on the State Department's website.

GSA employees may refer to its policy HRM 9592.1A GSA Policy on Allowances and Differentials Payable in Foreign Areas (<https://www.gsa.gov/directive/allowance-and-differentials-payable-in-foreign-areas>) for further guidance.

17.  **GSA Voluntary Leave Transfer Program (VLTP)**

The GSA VLTP allows employees to donate annual leave to employees who are experiencing (or whose family member is experiencing) a medical emergency. Your donation may not exceed the lesser of:

One-half of the annual leave the donor would be entitled to accrue during the leave year in which the donation is made. For example, if you are in the 8-hour leave category no more than 104 hours could be donated OR,

If the employee is projected to otherwise forfeit "use-or-lose" leave at the end of the year, the number of hours remaining in the leave year of the donation for which the employee is scheduled to work and receive pay.

Approved donated leave recipients should contact their timekeeper or supervisor if you have questions on your donated leave balance. Also, remember it is your responsibility to review your ELS and work with your timekeeper and supervisor to ensure that the correct amount of donated leave is charged to your time and attendance records.

For more information on the GSA Voluntary Leave Transfer Program visit the [VLTP website](#).

18. **Employment And Income Verification**

GSA's Office of the Chief Financial Officer (OCFO) has partnered with The Work Number® from Equifax to provide automated income and employment verifications. "The Work Number" (TWN) provides this information 24 hours a day, 7 days a week via their website or phone.

If an approved party (such as mortgage lenders, property managers, car dealers, caseworkers, etc) needs to verify your income or employment, they can contact TWN via the options below:

- Website: www.theworknumber.com
- Telephone: 800-367-5690 (Monday through Friday, 8:00 AM to 8:00 PM EST)
- Email: member@equifax.com

When accessing the The Work Number services you will need your employer code:

- GSA employees TWN Employer Code is 10536.
- GSA Payroll client agencies identify their specific agency code on this reference document [TWN Employer Codes \[XLSX - 12 KB\]](#).
- First time users use social security number as the user ID and birth year plus the last four digits of your social security number for the pin.
- For additional information about The Work Number program, please refer to the [GSA Guide to The Work Number \[PDF - 926 KB\]](#) or the [TWN Employee FAQ \[DOCX - 38 KB\]](#). For assistance with logging into The Work Number website, refer to these [instructions \[DOCX - 570 KB\]](#).

19. Employee Express (EEX) Earnings And Leave Statement (ELS)

GSA and client agency employees have the capability of viewing their ELS electronically through the Office of Personnel Management (OPM) EEX [website](#). The EEX website provides timely access to your pay and leave data as early as the Thursday afternoon following the end of the pay period. You have online access to current pay period, prior pay period and year-to-date pay and leave data, and topical information regarding payroll issues.

The EEX allows you to view and/or change the following payroll information (for personnel changes use HR Links Employee Self Service area):

- Combined Federal Campaign (CFC)
- Direct deposit
- Financial allotments
- Federal and state tax withholdings
- Health savings allotment
- W-2 hard copy On/Off
- 1095-C hardcopy On/Off
- History personnel/payroll actions
- W-2 Forms
- 1095-C Forms

20. Employee Express 60 Day Lock Out Due To Inactivity

The Office of Personnel Management's [Employee Express \(EEX\) application](#) has implemented **new access security procedures** that will **lock all EEX user accounts that have been inactive for 60 days**.

- **What do I need to do?**

Be sure to [log into EEX](#) every **60 days** to ensure your account remains active. If you have not logged into EEX since October 16, the first time you try to access the application, you will be prompted to **provide an email address to receive notifications** if your account is nearing 60 days of inactivity. You can enter a personal email address, if you prefer, to allow you to receive inactivity notifications without access to your GSA email account.

- **What happens if my account becomes locked?**

If your account becomes locked, click the “**Submit Help Request**” button on the EEX homepage to contact the EEX Help Desk. In the help request form, include a short message (such as “*EEX account locked*”) in the comments section to expedite the process.

21. **EEX Technical Assistance**

If you need technical assistance, contact the EEX Help Desk by clicking “**Submit Help Request**” on the EEX website and complete the request form. Questions concerning specific personnel information should be directed to your servicing HR Office. For payroll information, contact the GSA Payroll Operations Customer Service Center at:

Email: KC-Payroll.Finance@gsa.gov
Telephone: (844) 303-6515
Fax: (816) 823-5435
Postal Mail: GSA Payroll Operations (BGC)
2300 Main Street 2NW Kansas City, MO 64108

22. **Pay Periods**

There are 26 pay periods in 2023 and a copy of this payroll [calendar](#) and the following additional information may be of interest:

- The first pay period in 2023 is pay period ending (PPE) December 31, 2022, and the last pay period is PPE December 16, 2023.
- The last Electronic Funds Transfer (EFT) pay date is on December 22, 2023. The last "Official" pay date will be on December 27, 2023.
- The leave year-end date is January 13, 2024.
- Employees earning 6 hours of annual leave will earn 10 hours in PPE December 30, 2023.

23. **Federal Holidays**

The calendar year 2023 Federal holidays can be found on the OPM [website](https://www.opm.gov/policy-data-oversight/pay-leave/federal-holidays/) (<https://www.opm.gov/policy-data-oversight/pay-leave/federal-holidays/>)

24. **GSA Payroll Operations Contact Information**

If you have payroll questions or concerns contact the GSA Payroll Customer Service at:

- Email: KC-Payroll.Finance@gsa.gov
- Telephone: (844) 303-6515
- Fax: (816) 823-5435
- Postal Mail: GSA Payroll Operations (BGC)
2300 Main Street 2NW Kansas City, MO 64108
- Website:
<https://www.gsa.gov/buying-selling/purchasing-programs/shared-services/payroll-shared-service>