



**Consolidated Financial Services Division (BGC)  
Payroll Services Branch**

January 22, 2021

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

FROM: BART JESTEL  
CHIEF, GSA PAYROLL SERVICES BRANCH

SUBJECT: 2021 Payroll Newsletter

The 2021 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 Services Branch (PSB) 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 2021.

Some of the important changes occurring in 2021 are:

- An across-the-board one percent pay raise for Federal employees.
- Rate changes to Federal Employees Health Benefits.
- New 2021 Combined Federal Campaign (CFC) contributions.
- Federal, state, and local tax changes.
- An extension to the amount of annual leave that can be carried over.
- An extension to the payback period for deferred Social Security tax debt.
- An increase to the FSA carryover amount for 2021.

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## 1. COVID-19-Related Payroll Updates

- a. Higher Annual Leave Carryover Limit. This temporary change increases the amount of annual leave an employee may carry over into leave year 2021 to 125% of their normal leave ceiling. For example most employees have a normal annual leave ceiling of 240 hours and would have had their annual leave balance cut back to that amount at the end of the leave year. However, due to this temporary authority, employees will automatically be able to carry over 300 hours (in this example) of annual leave normally cut back under 5 U.S. Code § 6304. This additional leave carryover from 2020 must be used in leave year 2021 or it is forfeited. See the [OPM Memo](#) for more information or contact your Servicing HR Office.
- b. Changes to Repayment of Deferred Social Security Taxes. Last year, executive branch agencies were instructed to defer the collection of the employee's share of Social Security Tax from mid-September 2020 through December 31, 2020. Initially, deferred taxes were to be collected across the nine pay periods between January 1, 2021, and April 30, 2021. However, the Consolidated Appropriations Act 2021 extended the payback period to December 31, 2021, giving all affected employees 26 pay periods to repay these deferred taxes. See the Employee FAQ Social Security Tax Deferral for more information.
- c. Flexible Spending Account (FSA) carryover amount increased for 2021. For health FSA plans that permit the carryover of unused amounts, the maximum carryover amount for 2021 is **\$550**, an increase of \$50 from the original 2020 carryover limit.

## 2. Reminder To Review Your Earnings and Leave Statement in Employee Express

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

Although both your servicing HR Office and the PSB staffs have many internal controls in place and make every effort to process your personnel 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 located at [www.employeeexpress.gov](http://www.employeeexpress.gov) 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.

### 3. **NEW** Salary Changes

- a. Differences in your pay beginning in the pay period ending (PPE) on January 2, 2021, (and electronically transferred on January 8, 2021) may be the result of changes in the following:
  - Federal, state, and local tax changes (see details below).
  - Flexible Spending Account (FSAFEDS) Health Care limit remains at \$2,750 annually.
- b. Differences in your pay beginning in the pay period ending on January 16, 2021 (and electronically transferred on January 22, 2021), may be the result of changes in any or all of the following:
  - An across-the-board pay raise of one percent.
  - FEHB Health Benefits Insurance rate changes.
  - New 2021 CFC contributions.
  - Federal Employee Dental and Vision Insurance Program (FEDVIP) changes.

### 4. 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 withholdings estimator](#).
- b. You can update your tax withholding with the GSA PSB one of two ways:
  - 1) In [Employee Express](#): To change your withholding allowance in EEX, click on "Federal Tax" on the left side of the main menu.
  - 2) Using IRS Form W-4: To change your withholding allowance using the IRS Form W-4, go to [www.irs.gov](http://www.irs.gov) and download the form. Once completed, send the form to the PSB at:

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

### 5. Federal Income Tax Withholding (IRS FORM W-4) Exempt from Taxes

- a. You may claim exemption from withholding for 2021 if you meet both of the following conditions: you had no federal income tax liability in 2020 and you expect to have no federal income tax liability in 2021. You had no federal income tax liability in 2020 if (1) your total tax on line 24 on your 2020 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 2021 tax return. You have two options to claim EXEMPT from Federal tax:

(1) **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, 2021.

(2) Using the EEX and using the Federal Tax (W4) function, select the check box at the bottom of the next screen and certify the statements on the final tax EXEMPT screen.

- c. Effective February 16, 2021, your prior year IRS Form W-4 (2020) filing "Exempt" status expires. If we have not received an IRS Form W-4 for the 2021 tax year by February 16, 2021, we will begin withholding federal income tax under the "single/no exemption" formula as of PPE February 27, 2021. Note: There are no refunds of tax withholdings if the IRS Form W-4 claiming "Exempt" status is submitted late.

## 6. Wage And Tax Statement (IRS Form W-2) Update For 2020

The GSA PSB will issue the 2020 IRS Form W-2, Wage and Tax Statement using EEX services. If you received your 2019 IRS Form W-2 electronically or you registered to receive an electronic 2020 IRS Form W-2 before the close of business on December 21, 2020, you are registered to receive your 2020 IRS Form W-2 on-line through EEX.

The online 2020 IRS Form W-2 was made available to all employees on January 15, 2021, through the EEX [website](#). If you elected to receive your IRS Form W-2 in paper format, your IRS Form W-2 will be postmarked and mailed by January 31, 2021.

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

Employees should examine their IRS Form W-2 closely for legibility, accuracy, and completeness. The instructional guide for reading the 2020 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 19, 2020, to verify accuracy and completeness of the tax information included on the IRS Form W-2. Report any discrepancies to the GSA PSB Customer Service Center by email to [kc-payroll.finance@gsa.gov](mailto:kc-payroll.finance@gsa.gov).

## 7. **NEW** The Federal and the following states and localities have new payroll tax rates that will be changing in PPE 01/02/2021:

- State Tax Changes: Arizona, California, Georgia, Iowa, Illinois, Kentucky, Maine, Minnesota, Missouri, New York, North Dakota, Oregon, Rhode Island, South Carolina and Vermont.

- Local Tax Changes: Ohio School Districts and various Pennsylvania Act 32 localities.

Additional states have not published withholding rates for 2021. As these states publish new guidelines a message will be sent out through EEX to notify employees.

Note: Please check your ELS this pay period to determine the effect on your pay.

#### 8. **New** TSP Deferral Limits.

The IRS deferral limit for 2021 is \$19,500. If you are turning age 50 or over, you may contribute an additional \$6,500 for a total of \$26,000.

The following information is only applicable to those turning age 50 or over: Starting in 2021 (PP1) you will no longer submit two different elections for TSP, i.e. "regular TSP election" for contributions up to \$19,500 and "Catch-Up" contributions for the additional \$6,500.

#### 9. 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 2021 will continue to be 22 percent (as in 2020).

#### 10. 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, 2021.

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

#### 11. **NEW** Old-Age, Survivors, And Disability Insurance (OASDI) and Medicare

The 2020 and 2021 wage base limits for these two programs are shown in the table below. In 2021, 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
2020	\$137,700	Unlimited*
2021	\$142,800	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.*

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

a. 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).

b. The IRS regulations (effective January 2021) authorize employees to claim up to \$270 per month in qualified parking benefits. In addition, employees can also claim up to \$270 per month for transportation in a commuter highway vehicle (a vehicle seating six or more passengers, not counting the driver). The \$270 monthly benefit for a commuter highway vehicle, when combined with the Transit Fare Subsidy, cannot exceed the \$270 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 Payroll [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, the GSA PSB, or visit the GSA [Forms Library](#). Once an employee completes the appropriate Form 3667, send the form to the GSA PSB at:

Email: KC-Payroll.Finance@gsa.gov  
Fax: (816) 823-5435  
Postal Mail: GSA Payroll Services Branch (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](mailto:Patricia.Hopkins@rrb.gov) with questions specifically related to the RRB Pretax Transit Benefits Program.

Employees of the Senate Restaurant Associates are not eligible for the pre-tax Qualified

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

All 2021 CFC contributions will take effect with PPE January 30, 2021, (EFT pay date February 5, 2021.) Please verify your withholding by checking your ELS against your pledge receipt. The 2021 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 Increases (WIGI)

Within-Grade Increases (WIGI) 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 WIGI 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 WIGI by finding the effective date on the SF-50, Notification of Personnel Action for your last WIGI and using the chart below:

<b>WIGI Step</b>	<b>Waiting Period Between Steps</b>
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 if you find an error. If you have any questions about your WIGI date, please contact your servicing HR Office. If there is an error in your WIGI 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 GSA Employees Deployed in Foreign Areas.

The Department of State Standardized Regulations (DSSR) governs allowances and benefits available to U.S. Government civilians assigned to foreign areas. The GSA has implemented additional policies and procedures governing certain foreign allowances. 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.

#### 17. 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

The Equifax/TALX "The Work Number", employment and income verification service, is temporarily unavailable. We will notify you when it is available again. We anticipate restarting the program effective February 15, 2021. Until then, contact GSA Payroll for your employment and income verification needs at:

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

## 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 HRLinks 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. EEX Technical Assistance.

If you need technical assistance or have forgotten your EEX Personal Identification Number (PIN), a new PIN can be requested by contacting the EEX Help Desk. Your new PIN will be sent via email to your official email address on file. Contact the Help Desk by sending a "[Submit Help Request](#)" and completing the request form.

Questions concerning specific personnel information should be directed to your servicing HR Office. For payroll information, contact the GSA PSB Customer Service Center at:

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

## 21. Pay Periods.

There are 26 pay periods in 2021 and a copy of this payroll [calendar](#) and the following additional information may be of interest:

- The first pay period in 2021 is pay period ending (PPE) January 2, 2021, and the last pay period is PPE December 18, 2021.
- The last Electronic Funds Transfer (EFT) pay date is on December 23, 2021. The last "Official" pay date will be on December 29, 2021.

- The leave year-end date is January 1, 2022.
- Employees earning 6 hours of annual leave will earn 10 hours in PPE December 18, 2021.

## 22. Federal Holidays.

The calendar year 2021 Federal holidays can be found on the OPM [website](#).

## 23. Payroll Contact Information.

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

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