November 26, 2013

To: University Employees

From: Elizabeth C. (Betsi) Snipes, Director of Payroll Services
Dennis Press, University Controller and Assistant Vice Chancellor

Re: Change in State Income Tax Withholding for 2014

Last week, the North Carolina Department of Revenue (NCDOR) issued revised state tax withholding forms for the 2014 calendar year and instructed employers to obtain new state tax withholding data for all employees.

NCDOR’s reason for this requirement is the General Assembly passed significant changes to the State’s income tax laws effective for taxable years beginning on or after January 1, 2014. The new law sets a single income tax rate and makes substantial changes to the taxable income calculation. Employees’ current state tax withholding allowances may not be appropriate under the new law. As a result, the University is required to have each employee provide a new Employee’s Withholding Allowance Certificate (Form NC-4 EZ or Form NC-4). To comply with the new rules for withholding state income tax, UNC-Chapel Hill will default all employees’ status to “O” and “Single” effective December 31, 2013. Based on your individual tax allowances after completing Form NC-4 or Form NC4-EZ, you will need to submit the new form to the Payroll Department for the allowances to take effect for any payments received on or after January 1, 2014. Action will be taken within the pay period the form is received; no withholding adjustments will be made retroactive per NCDOR instructions.

The expectation is that each employee will submit Form NC-4 EZ or Form NC-4 to the Payroll Department CB #1260 by Friday, December 20, 2013, for biweekly employees and by Friday, January 3, 2014, for monthly employees. The NC-4 EZ and Form NC-4 forms can be accessed at http://finance.unc.edu/forms/payroll-forms/. Thank you in advance for your time to this sensitive matter.