

April 23, 2007

FEDERAL TRAVEL REGULATION  
Amendment 2007-02

TO: Heads of Federal agencies

Subject: Amendment 2007-02, FTR Case 2007-302, Relocation Income Tax (RIT) Allowance Tax Tables—2007 Update

1. Purpose. This amendment updates the Federal, State, and Puerto Rico tax tables for calculating the relocation income tax (RIT) allowance, to reflect changes in Federal, State, and Puerto Rico income tax brackets and rates. The Federal, State, and Puerto Rico tax tables contained in this rule are for use in calculating the 2007 RIT allowance to be paid to relocating Federal employees.

2. Effective date: April 9, 2007.

Applicability Date: This final rule provides tax information for filing 2006 Federal and State income taxes.

3. Background. Section 5724b of Title 5, United States Code, provides for reimbursement of substantially all Federal, State, and local income taxes incurred by a transferred Federal employee on taxable moving expense reimbursements. Policies and procedures for the calculation and payment of the RIT allowance are contained in the Federal Travel Regulation (41 CFR part 302-17). GSA updates Federal, State, and Puerto Rico tax tables for calculating RIT allowance payments yearly to reflect changes in Federal, State, and Puerto Rico income tax brackets and rates. This amendment also provides a tax table necessary to compute the RIT allowance for employees who received reimbursement for relocation expenses in 2006. This FTR rule was published in the *Federal Register* at 72 FR 17410, April 9, 2007.

4. Explanation of changes. Appendices A through D to Part 302-17 are revised to reflect updates to Federal, State, and Puerto Rico tax tables for calculating the relocation income tax (RIT) and the changes in Federal, State, and Puerto Rico income tax brackets and rates.

5. Filing instructions. Remove and insert the following pages to the FTR:

Remove pages

302-17-15 thru 302-17-24

Insert pages

302-17-15 thru 302-17-24

A handwritten signature in black ink, appearing to read "Russell H. Pentz", with a large, stylized flourish above the name.

RUSSELL H. PENTZ  
Assistant Deputy Assoc. Admin.  
Office of Travel, Transportation  
and Asset Management

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Chapter 302—Relocation Allowances  
 Part 302-17—Relocation Income Tax (RIT) Allowance

Appendix A

## Appendix A to [Part 302-17](#)—Federal Tax Tables for RIT Allowance

### Federal Marginal Tax Rates by Earned Income Level and Filing Status—Tax Year 2006

(Use the following table to compute the RIT allowance for Federal taxes, as prescribed in [§302-17.8\(e\)\(1\)](#), on Year 1 marginal taxable reimbursements received during calendar year 2006.)

Marginal Tax Rate	Single Taxpayer		Head of Household		Married Filing Jointly/ Qualifying Widows & Widowers		Married Filing Separately	
	Over	But Not Over	Over	But Not Over	Over	But Not Over	Over	But Not Over
10	\$ 8,739	\$ 16,560	\$ 16,538	\$ 27,374	\$ 24,163	\$ 38,534	\$ 12,036	\$19,194
15	16,560	41,041	27,374	59,526	38,534	86,182	19,194	43,330
25	41,041	88,541	59,526	128,605	86,182	154,786	43,330	79,441
28	88,541	175,222	128,605	203,511	154,786	224,818	79,441	114,716
33	175,222	360,212	203,511	375,305	224,818	374,173	114,716	188,184
35	360,212	---	375,305	---	374,173	---	188,184	---

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## Appendix B to Part 302-17—State Tax Tables for RIT Allowance

### State Marginal Tax Rates by Earned Income Level—Tax Year 2006

(Use the following table to compute the RIT allowance for State taxes, as prescribed in [§302-17.8\(e\)\(2\)](#), on taxable reimbursements received during calendar year 2006. The rates on the first line for each State are for employees who are married and file jointly; if there is a second line for a State, it displays the rates for employees who file as single. For more additional information, such as State rates for other filing statuses, please see the 2007 State Tax Handbook, pp. 255-270, available from CCH Inc., <http://tax.cchgroup.com/Books/default.>)

Marginal tax rates (stated in percents) for the earned income amounts specified in each column <sup>1, 2, 3</sup>				
State (or District)	\$20,000-\$24,999	\$25,000-\$49,999	\$50,000-\$74,999	\$75,000 and over <sup>4</sup>
Alabama	5.00	5.00	5.00	5.00
Alaska	0.00	0.00	0.00	0.00
Arizona	3.04	3.04	3.55	3.55
If single status, married filing separately <sup>5</sup>	3.04	3.55	4.48	4.48
Arkansas	6.00	7.00	7.00	7.00
California	2.00	6.00	9.30	9.30
If single status, married filing separately <sup>5</sup>	6.00	8.00	9.30	9.30
Colorado	4.63	4.63	4.63	4.63
Connecticut	5.00	5.00	5.00	5.00
Delaware	5.20	5.55	5.95	5.95
District of Columbia	7.00	7.00	8.70	8.70
Florida	0.00	0.00	0.00	0.00
Georgia	6.00	6.00	6.00	6.00
Hawaii	6.40	7.60	7.90	8.25
If single status, married filing separately <sup>5</sup>	7.60	7.90	8.25	8.25
Idaho	7.40	7.80	7.80	7.80
If single status, married filing separately <sup>5</sup>	7.80	7.80	7.80	7.80
Illinois	3.00	3.00	3.00	3.00
Indiana	3.40	3.40	3.40	3.40
Iowa	6.48	7.92	8.98	8.98
Kansas	6.25	6.45	6.45	6.45
Kentucky	5.80	5.80	5.80	6.00
Louisiana	2.00	4.00	6.00	6.00
If single status, married filing separately <sup>5</sup>	4.00	6.00	6.00	6.00
Maine	7.00	8.50	8.50	8.50
If single status, married filing separately <sup>5</sup>	8.50	8.50	8.50	8.50
Maryland	4.75	4.75	4.75	4.75
Massachusetts	5.30	5.30	5.30	5.30
Michigan	3.90	3.90	3.90	3.90
Minnesota	5.35	7.05	7.05	7.05

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**Appendix B**

**FEDERAL TRAVEL REGULATION**

<b>Marginal tax rates (stated in percents) for the earned income amounts specified in each column<sup>1, 2, 3</sup></b>				
<b>State (or District)</b>	<b>\$20,000-\$24,999</b>	<b>\$25,000-\$49,999</b>	<b>\$50,000-\$74,999</b>	<b>\$75,000 and over<sup>4</sup></b>
If single status, married filing separately <sup>5</sup>	7.05	7.05	7.85	7.85
Mississippi	5.00	5.00	5.00	5.00
Missouri	6.00	6.00	6.00	6.00
Montana	6.90	6.90	6.90	6.90
Nebraska	3.57	6.84	6.84	6.84
If single status, married filing separately <sup>5</sup>	5.12	6.84	6.84	6.84
Nevada	0.00	0.00	0.00	0.00
New Hampshire	0.00	0.00	0.00	0.00
New Jersey	1.75	1.75	3.50	5.525
If single status, married filing separately <sup>5</sup>	1.75	5.525	5.525	6.370
New Mexico	5.30	5.30	5.30	5.30
New York	5.25	6.85	6.85	6.85
If single status, married filing separately <sup>5</sup>	6.85	6.85	6.85	6.85
North Carolina	7.00	7.00	7.00	7.00
If single status, married filing separately <sup>5</sup>	7.00	7.00	7.75	7.75
North Dakota	2.10	2.10	3.92	3.92
If single status, married filing separately <sup>5</sup>	2.10	3.92	4.34	4.34
Ohio	4.083	4.083	4.764	5.444
Oklahoma	6.25	6.25	6.25	6.25
Oregon	9.00	9.00	9.00	9.00
Pennsylvania	3.07	3.07	3.07	3.07
Rhode Island <sup>6</sup>	3.75	7.00	7.00	7.00
If single status, married filing separately <sup>5</sup>	3.75	7.00	7.00	7.75
South Carolina	7.00	7.00	7.00	7.00
South Dakota	0.00	0.00	0.00	0.00
Tennessee	0.00	0.00	0.00	0.00
Texas	0.00	0.00	0.00	0.00
Utah	6.98	6.98	6.98	6.98
Vermont	3.60	3.60	7.20	7.20
If single status, married filing separately <sup>5</sup>	3.60	7.20	8.50	8.50
Virginia	5.75	5.75	5.75	5.75
Washington	0.00	0.00	0.00	0.00
West Virginia	4.00	6.00	6.50	6.50
Wisconsin	6.50	6.50	6.50	6.50
Wyoming	0.00	0.00	0.00	0.00

(The above table/column headings established by IRS.)

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- <sup>1</sup> Earned income amounts that fall between the income brackets shown in this table (*e.g.*, \$24,999.45, \$49,999.75) should be rounded to the nearest dollar to determine the marginal tax rate to be used in calculating the RIT allowance.
- <sup>2</sup> If the earned income amount is less than the lowest income bracket shown in this table, the employing agency shall establish an appropriate marginal tax rate as provided in [§302-17.8\(e\)\(2\)\(ii\)](#).
- <sup>3</sup> If two or more marginal tax rates of a State overlap an income bracket shown in this table, then the highest of the two or more State marginal tax rates is shown for that entire income bracket. For more specific information, see the 2007 State Tax Handbook, pp. 255-270, CCH, Inc., <http://tax.cchgroup.com/Books/default>.
- <sup>4</sup> This is an estimate. For earnings over \$100,000, and for filing statuses other than those above, please consult actual tax tables. See 2007 State Tax Handbook, pp. 255-270, CCH, Inc., <http://tax.cchgroup.com/Books/default>.
- <sup>5</sup> This rate applies only to those individuals certifying that they will file under a single or married filing separately status within the states where they will pay income taxes.
- <sup>6</sup> The income tax rate for Rhode Island is 25 percent of Federal income tax rates, including capital gains rates and any another other special rates for other types of income. Rates shown as a percent of Federal income tax liability must be converted to a percent of income as provided in [§302-17.8\(e\)\(2\)\(iii\)](#). Effective for the 2006 tax year, tax payers may elect to compute income tax liability based on a graduated rate schedule or an alternative flat tax equal to 8%.

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## Appendix C to [Part 302-17](#)—Federal Tax Tables for RIT Allowance—Year 2

### Estimated Ranges of Wage and Salary Income Corresponding to Federal Statutory Marginal Income Tax Rates by Filing Status In 2007

(The following table is to be used to determine the Federal marginal tax rate for Year 2 for computation of the RIT allowance as prescribed in [§302-17.8\(e\)\(1\)](#). This table is to be used for employees whose Year 1 occurred during calendar years 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, or 2006.)

Marginal Tax Rate	Single Taxpayer		Head of Household		Married Filing Jointly/ Qualifying Widows & Widowers		Married Filing Separately	
	Over	But Not Over	Over	But Not Over	Over	But Not Over	Over	But Not Over
10	\$ 9,287	\$17,545	\$ 18,060	\$ 29,399	\$ 26,173	\$ 41,393	\$ 14,049	\$ 21,441
15	17,545	43,394	29,399	62,576	41,393	91,201	21,441	45,388
25	43,394	93,101	62,576	138,856	91,201	162,117	45,388	81,616
28	93,101	183,867	138,856	216,022	162,117	233,656	81,616	119,660
33	183,867	376,616	216,022	389,045	233,656	387,765	119,660	197,483
35	376,616	---	389,045	---	387,765	---	197,483	---

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Chapter 302—Relocation Allowances  
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**Appendix D**

## Appendix D to Part 302-17—Puerto Rico Tax Tables for RIT Allowance

### Puerto Rico Marginal Tax Rates by Earned Income Level—Tax Year 2006

(Use the following table to compute the RIT allowance for Puerto Rico taxes, as prescribed in [§302-17.8\(e\)\(4\)\(i\)](#), on taxable reimbursements received during calendar year 2006.)

Marginal Tax Rate	For married person living with spouse and filing jointly, married person not living with spouse, single person, or head of household		For married person living with spouse and filing separately	
	Over	But Not Over	Over	But Not Over
10	\$ 2,000	\$17,000	\$ 1,000	\$ 8,500
15	17,000	30,000	8,500	15,000
28	30,000	50,000	15,000	25,000
33	50,000	----	25,000	----

Source: *Individual Income Tax Return 2006 - Long Form*; Commonwealth of Puerto Rico, Department of the Treasury, P.O. Box 9022501, San Juan, PR 00902-2501; [http://www.hacienda.gobierno.pr/planillas\\_y\\_formularios/formularios.html](http://www.hacienda.gobierno.pr/planillas_y_formularios/formularios.html).

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