

**2016 PAYROLL TAX CHECK LIST
FEDERAL AND CALIFORNIA**

		<u>2016</u>		<u>2015</u>	<i>Increase (Decrease)</i>
FEDERAL FICA TAX					
<i>Form 941 (Quarterly)</i>	Base – OASDI portion	\$ 118,500		\$ 118,500	\$ -0-
	Base – Medicare portion	unlimited		unlimited	-0-
	Tax Rate – OASDI portion	6.20%		6.20%	-0-
	Tax Rate – Medicare portion	<u>1.45/2.35%</u>	⁽¹⁾	<u>1.45/2.35%</u>	⁽¹⁾ <u>-0-</u>
<i>Combined Rate</i>	Total Employee's FICA Tax Rate	<u>7.65/8.55%</u>	⁽¹⁾	<u>7.65/8.55%</u>	⁽¹⁾ <u>-0-</u>
	Total Employer's FICA Tax Rate	<u>7.65%</u>		<u>7.65%</u>	<u>-0-</u>
	Self-Employed's Tax Rate	15.30/16.20%	⁽²⁾	15.30/16.20%	⁽²⁾ -0-

⁽¹⁾ As of January 2013, there is an additional Medicare tax rate of 0.9% on all wages in excess of \$200,000 (\$250,000 on joint returns, \$125,000 for married filing separate returns).

⁽²⁾ The self-employment tax rate is 15.3%, which consists of two parts: 12.4% for Social Security and 2.9% for Medicare. As of January 2013, the self-employment tax rate is 16.2% on all self-employment income in excess of \$200,000 (\$250,000 of combined self-employment income on joint returns, \$125,000 for married filing separate returns), which consists of 12.4% for Social Security and 3.8% for Medicare.

UNEMPLOYMENT TAXES

<i>Form 940 (Annually)</i>	Federal Base	\$ 7,000		\$ 7,000	\$ -0-
	Federal Rate (Employer)	6.00%		6.00%	⁽³⁾ -0-
	Credit Allowed for California	(5.40%)	⁽⁴⁾	(5.40%)	⁽³⁾ <u>-0-</u>
	Credit Reduction	<u>1.80%</u>		<u>1.50%</u>	
	Balance Contributed by Employer	<u>2.40%</u>	⁽⁴⁾	<u>2.10%</u>	<u>-0-</u>
<i>Forms DE-6 and DE-88 Employment Development Department (Quarterly)</i>	California Base	\$ 7,000		\$ 7,000	\$ -0-
	Experience Rate (Employer's Maximum Rate)	6.20%		6.20%	-0-

⁽³⁾ For 2015, employers will owe FUTA tax at a net rate of 2.10%. This increases the maximum FUTA tax to \$147 per employee.

⁽⁴⁾ Unless California pays off the Federal unemployment benefit loan or takes other specified actions, the FUTA credit reduction will automatically increase by another 0.3% in 2016; thus, increase the employer contribution rate to 2.4%; however, the actual rate will not be determined until November 2016.

CALIFORNIA DISABILITY INSURANCE

<i>Forms DE-6 and DE-88 Employment Development Department (Quarterly)</i>	Base	\$ 106,742		\$ 104,378	\$ 2,364
	Employee's Rate	.90%		.90%	-0-
	Employee's Maximum SDI	\$ 960.68		\$ 939.48	\$ 21.28

SOCIAL SECURITY EARNINGS

Permissible social security earnings in 2016 and 2015 (that is maximum salaries before social security benefits will be reduced) are as follows:

<i>Retiree's Age</i>	<u>2016</u>		<u>2015</u>	
	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>
Under full retirement age	\$ 1,310	\$ 15,720	\$ 1,310	\$ 15,720
Year reaches full retirement age	\$ 3,490	\$ 41,880	\$ 3,490	\$ 41,880
Over full retirement age	No limit	No limit	No limit	No limit

2016 FORMS

Employers may either use Form DE-34, Report of New Employees or send a copy of the employee's Form W-4, Employee Withholding Allowance Certificate to report the hiring of new workers within 20 days of hire to the Employment Development Department (EDD). Also, all employers must report information to the EDD within 20 days of either making payments or entering into a contract for \$600 or more with an independent contractor (including existing independent contractor) in any calendar year. Employers may use Form DE-542, Report of Independent Contractor.

NOTE

To each employee hired and to each employee leaving work in order to provide care for a seriously ill family member or to bond with a new child, employers are required to provide a notice informing workers of their Paid Family Leave (PFL) rights and benefits.

Employers report total subject wages, Unemployment Insurance (UI) and Disability Insurance (DI) taxable wages and contributions, by filing a New **Quarterly Contribution Return and Report of Wages (DE 9)** quarterly instead of annually.

Employers report employee wages and personal income tax withheld quarterly on the **Quarterly Contribution Return and Report of Wages (Continuation) (DE 9C)**.