

# FLIESHER AND DISHMAN LLP

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## PAYROLL TAX RATES EFFECTIVE JANUARY 1, 2017

	<u>GROSS WAGES</u> <u>MAXIMUM</u>	<u>% RATE</u>	<u>MAXIMUM</u> <u>DEDUCTION</u>
<b>EMPLOYEE CONTRIBUTIONS</b>			
SDI	\$ 110,902	0.90	\$ 998.12
FICA-OASDI	127,200	6.20	7,886.40
FICA-MEDICARE TAX	First 200,000	1.45	1 <sup>st</sup> Tier 2,900.00
FICA-Additional Medicare Tax	0.9% Over 200,000	2.35	2 <sup>nd</sup> Tier UNLIMITED

### EMPLOYER CONTRIBUTIONS

SUI	7,000	Rate assigned annually by state up to 6.2%.	
ETT(rate is zero if SUI rate is 6.2%)	7,000	.10	7.00
FUTA	7,000	.60	42.00
FICA-OASDI	127,200	6.20	7,886.40
FICA-MEDICARE TAX	NO LIMIT	1.45	UNLIMITED
FICA-Additional Medicare Tax	<b>This tax only applies to the employee portion of wages.</b>		

The employer Medicare tax rate remains at 1.45%.

### SELF-EMPLOYMENT TAX

SECA-OASDI	127,200	12.40	15,772.80
SECA-MEDICARE TAX	First 200,000	2.90	1 <sup>st</sup> Tier 5,800.00
SECA-Additional Medicare Tax	0.9% Over 200,000	3.80	2 <sup>nd</sup> Tier UNLIMITED

### Additional Medicare Tax Withholding

An employer must withhold the Additional Medicare Tax from wages or compensation it pays to an employee in excess of \$200,000 in a calendar year. In the case of joint returns, there can be underpayments or overpayments that will either be paid or claimed on Form 1040. For married filing jointly returns the Additional Medicare Tax applies to earnings in excess of \$250,000 and any differences between the assessed tax and the payroll withholding amount will be reported on the taxpayer's personal income tax return.

### Hiring New Employees and Non-employees

You must verify eligibility for employment by completing Form I-9 for new employees. Find the new I-9 Form at <http://www.uscis.gov/i-9>. In addition, California requires the reporting of new employees to the Employment Development Department on Form DE-34 and independent contractors on Form DE-542.

### State UI Surcharge/ FUTA Credit Reduction

FUTA 2017 surcharge	7,000	2.10	147.00
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The surcharge is payable January 2018 with Form 940. Typically, the increase is 0.3% or \$21 per worker each year.

### W-4 Reporting

Employers are no longer required to submit any W-4 forms to the IRS. However, Forms W-4 are still subject to review and can be requested by the IRS. For California, the employer must submit the Employee's Withholding Allowance Certificate (W-4 or DE 4) to FTB for a determination if an employee claims exempt from withholdings or claims more than 10 exemptions.

A W-4 claiming exemption is valid for only one calendar year. An employee must submit a new Form W-4 by February 15th. If the employee does not give you a new Form W-4, withhold tax as if the employee is single and zero.