



323 N. Pacific Coast Highway 101 • Solana Beach CA 92075  
P 858.481.7702 • F 858.481.7828

## 2012 Payroll Withholding Information Tax Deposit Requirements

### FEDERAL

#### FICA (Social Security)

Rate:	Employee 4.2% (.042)	Maximum wage amount	\$110,100.00
	Employer 6.2% (.062)	Maximum withheld amount on employee	\$6,826.20

**\*\*\*As of 12-23-11, the reduced employee rate of 4.2% has been extended until 2-29-12, at which point the employee rate reverts back to 6.2%, unless the rate reduction is extended by law.**

#### FICA (Medicare)

Rate:	Employee 1.45%	All wages in 2012 are taxable to Medicare.
	Employer 1.45%	Will be same as employee.

### FEDERAL INCOME TAX WITHHOLDING

Rate: See Tables in Employers Tax Guide (Circular E)

### FICA AND FWH DEPOSIT REQUIREMENTS:

The Internal Revenue Service should have notified you as to your filing category. If not, please contact our office for assistance.

### MONTHLY DEPOSITOR

Your payroll deposits are due by the 15th day of the following month.

### SEMI-WEEKLY DEPOSITOR

Your payroll deposits are due based on the payment of your payroll. If your payroll is paid on a Wednesday, Thursday, or Friday, your payroll deposit is due by the following Wednesday. If your payroll is paid on a Saturday, Sunday, Monday or Tuesday, your payroll deposit is due by the following Friday.

**Since January 1, 2001, if your employment taxes for the return period (line 18 for Form 941, or line 4 for Form 945) are less than \$2,500, you are not required to make deposits and may pay the taxes with the return.**

### FUTA (Federal Unemployment Tax)

Rate .6% (.006)

Limit: \$7,000 per employee, maximum \$42.00 per year.

The California credit of 5.4% has been reduced to 5.1% for 2011 due to the outstanding federal loan balance for two consecutive years.. Therefore California employers will need to file schedule A with their annual form 940. There could be an additional tax of \$21.00 per employee due to the change. Employer's Tax Guide Circular E has additional information on the FUTA credit reduction.

### FUTA DEPOSIT REQUIREMENT:

Deposit FUTA when the liability reaches \$500 or more at the end of a quarter by the last day of the following month, i.e., April 30, July 31, October 31, & January 31. Use form 8109 to make the deposit and mark Form 940 and the appropriate quarter on the form. If the liability at the end of the quarter is less than \$500, carry it forward and include with the next quarter.

### ELECTRONIC DEPOSIT REQUIREMENT:

As of January 1, 2011, you will no longer be able to use a paper coupon [Form 8109 (Federal Tax Deposit Coupon)] to deposit federal taxes directly to an authorized bank. Instead, you will need to make deposits by telephone or online using the Electronic Federal Tax Payment System (EFTPS). This means that after December 31, 2010, all federal tax deposits (including deposits of federal employment and unemployment taxes, corporate income and corporate estimated taxes, tax exempt organization unrelated business income taxes, private foundation excise taxes, back-up withholding, and excise taxes) must be made using EFTPS.

Before you can deposit taxes using EFTPS, you must enroll either online at [www.eftps.gov](http://www.eftps.gov) or by completing Form 9779 (EFTPS-Business Enrollment Form) and mailing it to the EFTPS enrollment center. However, we recommend enrolling online as it is more convenient and much quicker than filing Form 9779. (You can expect to receive online confirmations in 15 business days, compared to the 10 weeks sometimes required for paper applications.)



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### **CALIFORNIA**

#### **Personal Income Tax Withheld (PIT)**

Rate: See tables in the Employers Tax Guide from the Employment Development Department.

#### **State Disability Insurance (SDI)**

Rate: 1.0 %

Limit: \$95,585.00 per employee, maximum withheld, \$955.85

#### **State Unemployment and Training Taxes**

Are now paid with your tax deposits on a quarterly basis. At the end of each quarter, you will now complete a wage reconciliation for employees (DE 9C) and will reconcile your deposits with form DE 9. The rate is assigned specifically for each company.

#### **New Employee Registry Law**

Requires all employers to report any employee(s) who have been hired, rehired, or returned to work, within 20 days of their rehire date. Failure to comply with this new law will result in a \$250 penalty per employee. To report these new employees, you must complete and file a form DE34.

#### **New Independent Contractor Reporting Requirement**

Effective January 1, 2001, businesses and government entities that are required to file a federal Form 1099-MISC for services performed by an independent contractor are required to report specific information to EDD. This information must be filed with EDD within 20 days of either entering into a contract with an independent contractor for \$600 or more, or making payments totaling \$600 or more to an independent contractor in any calendar year, whichever is earlier.

It is not necessary for businesses to report the following types of entities: corporations, general partnerships, or limited liability companies. In general, businesses are required to report independent contractors that are sole-proprietors.

For more information on the independent contractor reporting requirements, or for copies of the new reporting form, (*Report of Independent Contractors*, DE 542), visit the EDD web site at [http://www.edd.ca.gov/pdf\\_pub\\_ctr/de542.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de542.pdf)

#### **STATE DEPOSIT REQUIREMENTS:**

State deposit due dates are generally the same as Federal deposit due dates. However, you are required to deposit all Unemployment Insurance, Employer Training Tax, State Disability Insurance and Personal Income Tax by the delinquent date for each quarter.

**NOTE:** If a deposit due date falls on a Saturday, Sunday, or a banking holiday, the due date is extended to the next banking day. For example, if a deposit is due on Friday, but Friday is a holiday, the deposit due date is extended to the following Monday.