

BULLETIN TO: Employers

SUBJECT: Employment Tax Update

<u>SOCIAL SECURITY TAX FOR 2009 AND 2008</u>	<u>2009 FICA TAX</u>	<u>2008 FICA TAX</u>
Social Security Tax (SS):		
Employee (SS) Withholding Rate	6.20%	6.20%
Employer (SS) Withholding Rate	6.20%	6.20%
Combined Social Security Rate	12.40%	12.40%
Medicare Hospital Insurance (HI):		
Employee (HI) Withholding Rate	1.45%	1.45%
Employer (HI) Contribution Rate	1.45%	1.45%
Combined (HI) Rate	2.90%	2.90%
Covered FICA/(SS) Earnings	\$ 106,800.00	\$ 102,000.00
Maximum Employee's FICA/(SS) Tax	6,621.60	6,324.00
Maximum Employer's FICA/(SS) Tax	6,621.60	6,324.00
Covered Medicare Hospital Insurance Earnings	Unlimited	Unlimited
Maximum Employee's (HI) Tax	Unlimited	Unlimited
Maximum Employer's (HI) Tax	Unlimited	Unlimited
Self-Employment (SS) Tax Rate	12.40%	12.40%
Maximum Self-Employment (SS) Tax	\$ 13,243.20	\$ 12,648.00
Self-Employment (HI) Tax Rate	2.90%	2.90%
Maximum Self-Employment (HI) Tax	Unlimited	Unlimited
<u>STATE DISABILITY INSURANCE (SDI)</u>		
Covered SDI Earnings	\$ 90,669.00	\$ 86,698.00
Employee SDI Rate	1.1%*	.8%*
Maximum Employer's SDI Tax	\$ 997.36	\$ 693.58

***Includes Paid Family Leave**

FEDERAL PAYROLL TAX DEPOSITS FOR 2008

See Publication 15 (Rev. Jan. 2009), Circular E, Employer's Tax Guide for the requirements for Federal Tax Deposits and Electronic Deposit requirements or call us at White, Nelson & Co. LLP with your questions.

Circular E may be ordered from the Internal Revenue Service by calling (800) 829-3676 or through their web page, www.irs.ustreas.gov.

FEDERAL UNEMPLOYMENT TAX DEPOSIT REQUIREMENTS

Deposits for the first three calendar quarters of a year are required only if the employer's aggregate undeposited tax liability at the end of the quarter is more than \$500. Deposit requirements are figured on a cumulative basis. Deposits are to be made by the end of the month following the end of the corresponding quarter.

If the undeposited tax liability is more than \$500 at the end of the year, a deposit is to be made by January 31. Any liability less than \$500 can be paid with the annual return.

FUTA - FEDERAL UNEMPLOYMENT TAX ACT

Rate: 0.8% (F.U.T.A. rate of 6.2% less S.U.I. credit of 5.4%)
Base: \$7,000
Payable By: Employer

CALIFORNIA DEPOSIT REQUIREMENTS

See the 2008 California Employer's Guide, DE44, from the Employment Development Department for the Deposit requirements for California payroll taxes or call us at White, Nelson & Co. LLP with your questions.

S.U.I. & State Employment & Training Fund Deposit Requirements

Employers must pay the entire quarter's tax liability for both S.U.I. and the State Employment and Training Fund with Form DE 88 by the end of the month following the end of the calendar quarter.

State Disability Insurance (SDI)

A tax of 1.1% applies to the first \$90,669 paid to each employee during 2009 and reaches a maximum of \$997.36.

State Unemployment Insurance (California)

Rate: The UI rate for new employers is 3.4% for up to 3 years. The UI rate for experienced employers varies based on each employer's experience and the balance of the UI fund and is issued by the Employment Development Department.

Base: \$7,000

Payable By: Employer

State Employment & Training Fund (California)

Rate: 0.1%

Base: \$7,000

Payable By: Employer

Employment Development Department Publication

DE 44 (1-09) discusses withholding rates and can be ordered by calling (888) 745-3886 or on the EDD web page at www.edd.ca.gov.

If you have any questions about any of the above mentioned areas or with regard to employment taxes in general, please do not hesitate to contact our office at any time.

Respectfully submitted,

White, Nelson & Co., LLP

Certified Public Accountants and Consultants