

## PAYROLL TAX RATES & RULES 2015



Included below is a summary of applicable Federal and State payroll tax rates and rules for your reference.

### REPORT OF NEW EMPLOYEES (DE 34)

You must report all newly hired or rehired employees within 20 days of the start-of-work date. If an employee returns to work after a layoff or leave of absence and is required to complete a new IRS Employee's Withholding Allowance Certificate (Form W-4), you must report the employee as a new hire. If the returning employee had been separated or removed from payroll records for at least 60 consecutive days, then you need to report the employee as a rehire.

All employers are required by law to report all newly hired or rehired employees to the New Employee Registry (NER) within 20 days of their start-of-work date, which is the first day services were performed for wages, NEWLY HIRED employees are those individuals who have not previously been included on your payroll. REHIRED employees are those individuals who were previously included on your payroll, left your employment, and were rehired after a separation of at least 60 consecutive days. The NER assists California's Department of Child Support Services and Department of Justice in locating parents to collect delinquent child support payments. Employers must also report the actual start-of-work date (not the date hired) for each newly hired or rehired employee so that the NER data can be cross-matched to the Unemployment Insurance (UI) benefit payment file. This will result in the early detection and prevention of UI benefit overpayments.

The following options are available to report new or rehired employees:

1. File online at <https://eddservices.edd.ca.gov> . It's fast, easy, and secure.
2. Obtain DE 34 forms from the EDD website at [www.edd.ca.gov/forms](http://www.edd.ca.gov/forms)

### REPORT OF INDEPENDENT CONTRACTORS (DE542)

Independent contractor information must be reported to the EDD within 20 days of either making payments totaling \$600 or more, or entering into a contract for \$600 or more with an independent contractor in any calendar year, whichever occurs first. This is in addition to your requirement to report the total annual payments to the Internal Revenue Service on a Form 1099-MISC after the close of the calendar year.

Any business or government entity that is required to file a Federal Form 1099-MISC for personal services performed must also report specific information to the EDD regarding any independent contractor providing services to you or your business. The Independent Contractor Reporting (ICR) information assists California's Department of Child Support Services and Department of Justice in locating parents for the purpose of collecting delinquent child support. An independent contractor is an individual who is not a common law or statutory employee of a business/government entity for California

purposes and who receives compensation for or executes a contract for services performed for a business/government entity, either in or outside of California.

Filing Options for Reporting Independent Contractors:

1. File online at <https://eddservices.edd.ca.gov>.
2. Obtain DE 542 forms from the EDD website at [www.edd.ca.gov/forms](http://www.edd.ca.gov/forms).

Call the Employment Development Department at (888) 745-3886 with any questions you may have.

## PAYROLL TAX RATES & RULES

FEDERAL PAYROLL TAXES	RATE
Withholding Taxes (1)	Based on Federal Withholding Tables
Employer:	
Social Security (1)	6.20%
Medicare (1)	1.45%
Total	7.65%
Unemployment (FUTA)	0.60%
<b>Unemployment (FUTA) - Add'l **</b>	<b>1.20%</b>
Total	1.80%
Employee:	
Social Security (1)	6.20%
<b>Medicare (1) ***</b>	<b>1.45% / 2.35%</b>
<b>STATE PAYROLL TAXES</b>	
Withholding Taxes (2)	Based on State Withholding Tables
Employer:	
Unemployment	Rates provided by EDD
Employment Training Tax	0.1%
Employee	
Disability Insurance (2)	0.9%

WAGES	MAXIMUM COST
<b>\$118,500.00</b>	<b>\$7,347.00</b>
NO LIMIT	
\$7,000.00	\$42.00
<b>\$7,000.00</b>	<b>\$84.00</b>
<b>\$118,500.00</b>	<b>\$7,347.00</b>
NO LIMIT	
\$7,000.00	
\$7,000.00	\$7.00
<b>\$104,378.00</b>	<b>\$939.40</b>

(1) & (2) See Deposit Requirements on next page

\*\* Amount is based on 2014 subject wages

\*\*\* See Payroll Update on the next page



## SOCIAL SECURITY NUMBER VERIFICATION

The Social Security Administration (SSA) offers employers and authorized agents a service for verifying employees' Social Security Number (SSN). For information on how to access the SSA's SSN verification service, access the SSA's website at [www.ssa.gov/employer/ssnv.htm](http://www.ssa.gov/employer/ssnv.htm) or contact your local SSA office.

## DEPOSIT REQUIREMENTS

**Monthly Rule** – Deposit taxes due on a calendar-month payroll by the 15<sup>th</sup> day of the following month.

**Semi-weekly Rule** – For payroll paid on Wednesday, Thursday or Friday, deposit taxes by the following Wednesday. For payroll paid on Saturday, Sunday, Monday or Tuesday, deposit taxes by the following Friday. For additional information, refer to the 2015 Circular E.

Generally, whatever method you follow to make federal deposits will be the same method you use for state purposes. Employers who deposit on a monthly basis for federal purposes and who meet the State PIT threshold of \$350 must remit both PIT and SDI withholdings on the payroll tax deposit coupon (DE-88) by the 15<sup>th</sup> of the following month. State deposits are generally due at the same time as federal deposits. The PIT threshold for those employers who deposit quarterly is \$350. For additional information refer to the rules contained in the 2015 California Employer's Guide.

## PAYROLL UPDATE

2.35% Medicare tax (regular 1.45% Medicare tax + 0.9% additional Medicare tax) on all employee wages in excess of \$200,000.

Feel free to call our firm if you have any questions (559) 299-9540.

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