

FLIESHER AND DISHMAN LLP

CERTIFIED PUBLIC ACCOUNTANTS

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PAYROLL TAX RATES EFFECTIVE JANUARY 1, 2010

	<u>GROSS WAGES</u> <u>MAXIMUM</u>	<u>% RATE</u>	<u>MAXIMUM</u> <u>DEDUCTION</u>
EMPLOYEE CONTRIBUTIONS			
SDI	\$ 93,316	1.1	\$ 1,026.48
FICA-OASDI	106,800	6.20	6,621.60
FICA-MEDICARE HEALTH INS.	NO LIMIT	1.45	
EMPLOYER CONTRIBUTIONS			
SUI	7,000	Rate assigned annually by state.	
ETT	7,000	.10	7.00
FUTA	7,000	.80	56.00
FICA-OASDI	106,800	6.20	6,621.60
FICA-MEDICARE HEALTH INS.	NO LIMIT	1.45	
SELF-EMPLOYMENT TAX			
SECA-OASDI	106,800	12.40	13,243.20
SECA-MEDICARE HEALTH INS.	NO LIMIT	2.90	

ALTERNATIVE PRESENTATION FOR FICA TAX: Compensation will be subject to a combined FICA rate of 7.65% on the **first** \$106,800 in wages. The excess wages over \$106,800 are subject to 1.45%.

SENDING CERTAIN FORM W-4 TO THE EDD: Remember to include in each quarter a copy of Form W-4/DE-4 with Form DE-6 for any employee claiming more than 10 exemptions.

PAYMENTS TO INDEPENDENT CONTRACTORS: The IRS is really clamping down on the issuance of 1099's. Any individual that you pay for services in excess of \$600 a year must receive a 1099-MISC from your company. Interest, dividends, and rents paid to individuals must also be reported on the appropriate 1099. You may obtain the payee ID numbers by using Form W-9.

HIRING NEW EMPLOYEES AND NON-EMPLOYEES: You must verify eligibility for employment by completing Form I-9 for employees. 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. Please contact our office if you need these forms.