



## Santa Clara County Office of Education

Charles Weis, Ph.D.  
County Superintendent of Schools

# Informational Bulletin

*For Santa Clara County Districts*

## District Business & Advisory Services

Nimrat Johal: Director- DBAS: 408-453-6599

Cathy McKim, Manager-DBAS: 408-453-6588

Bulletin: 12-085

Date: January 4, 2012

To: District Fiscal Directors  
District Payroll and Human Resources Directors

From: Cathy McKim

Re: Payroll Information - 2011 W-2 Timelines and Payroll Tax Changes for 2012

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The purpose of this bulletin is to communicate the 2011 W-2 timelines and known payroll tax changes for the 2012 calendar year.

### 2011 W-2 Timelines

We are balancing the 2011 annual W-2 information during this first week of January 2012. Printing of the actual W-2 forms is scheduled for the week of January 16<sup>th</sup> through January 20<sup>th</sup>. Districts can expect to receive their employee W-2 forms during the week of January 23<sup>rd</sup> through January 27<sup>th</sup> and should remember to post mark these documents on or before January 31<sup>st</sup>.

### Summary of the 2012 Wage Limits and Tax Rate Changes

Congress provided an extension of the Temporary Payroll Tax Continuation Act of 2011 which temporarily extended the two percentage point payroll tax cut for employees which continues the reduction of their Social Security tax withholding rate from 6.2 percent to 4.2 percent of wages paid through Feb. 29, 2012.

There are several other tax rates or limits that will be changing. I have summarized them below and added the detailed tables and references in the remainder of this document for your convenience. *Note: Santa Clara County Districts processing payroll on our QSS Business System have been changed accordingly.*

- California State Disability (SDI) maximum wage limit has increased from \$93,216 in 2011 to \$95,585 in 2012; however, the percentages have decreased from 1.2% to 1.0% for the same time period.
- California State Personal Income Tax (SIT) range limits have been increased; however, the percentage for each range has remained the same.
- The Annual Social Security wage base limit has increased from \$106,800 in 2011 to \$110,100 in 2012.

Please share this information as deemed appropriate.

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County Board of Education: Leon F. Beauchman, Michael Chang, Joseph Di Salvo, Julia Hover-Smoot, Grace H. Mah, Craig Mann, Anna Song  
1290 Ridder Park Drive, San Jose, CA 95131-2304 (408) 453-6500 [www.sccoe.org](http://www.sccoe.org)

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### 2012 Wage Limits and Tax Rate Changes

#### California State Taxes:

[http://www.edd.ca.gov/pdf\\_pub\\_ctr/de44.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de44.pdf)

#### State Disability Insurance (SDI) Tax

The State Disability Insurance (SDI) program provides temporary benefit payments to workers for non work-related disabilities. SDI tax also provides Paid Family Leave (PFL) benefits. PFL is a component of SDI and extends benefits to individuals unable to work because they need to care for a seriously ill family member or bond with a new child.

SDI is a deduction from employees' wages. Employers withhold a percentage for SDI on the first \$95,585 in wages paid to each employee in a calendar year.

The 2012 SDI tax rate is 1.0 percent (.010) of SDI taxable wages per employee, per year. SDI is set by the California State Legislature and may change yearly. This includes the rate for PFL. The maximum tax is \$955.85 per employee, per year (\$95,585 x .010).

2011	2012								
<p>Payroll Tax Rate Maintenance State Disability Insurance Tax Rates</p> <p>11 records</p> <p>1/1/2011 : CA DISABILITY RATE 2011</p> <table border="1"> <thead> <tr> <th>Effective Date</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>1/1/2011</td> <td>CA DISABILITY RATE 2011</td> </tr> </tbody> </table> <p>State Disability Insurance Tax Rates</p> <p>SDI rate: 1.2000 %</p> <p>Maximum wages subject to SDI: 93,316.00</p>	Effective Date	Description	1/1/2011	CA DISABILITY RATE 2011	<p>Payroll Tax Rate Maintenance State Disability Insurance Tax Rates</p> <p>11 records</p> <p>1/1/2012 : CALIF. DISABILITY RATE 2012</p> <table border="1"> <thead> <tr> <th>Effective Date</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>1/1/2012</td> <td>CALIF. DISABILITY RATE 2012</td> </tr> </tbody> </table> <p>State Disability Insurance Tax Rates</p> <p>SDI rate: 1.0000 %</p> <p>Maximum wages subject to SDI: 95,585.00</p>	Effective Date	Description	1/1/2012	CALIF. DISABILITY RATE 2012
Effective Date	Description								
1/1/2011	CA DISABILITY RATE 2011								
Effective Date	Description								
1/1/2012	CALIF. DISABILITY RATE 2012								



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### California State Income Tax

Tables 1 / 2 Low Income Exemption Table/ Estimated Deduction Table (Annual)

2011	2012
Tables 1/2 - Low Income Exemption Table / Estimated Deduction Table (Annual)	Tables 1/2 - Low Income Exemption Table / Estimated Deduction Table (Annual)
Single: 12,182.00 Married with '0' or '1' allowance: 12,182.00 Married with '2' or more allowances: 24,364.00 Unmarried head of household: 24,364.00 Amount for '1' additional allowance: 1,000.00	Single: 12,527.00 Married with '0' or '1' allowance: 12,527.00 Married with '2' or more allowances: 25,054.00 Unmarried head of household: 25,054.00 Amount for '1' additional allowance: 1,000.00

Tables 3 / 4 Standard Deduction Table/Personal Exemption Credit (Annual)

2011	2012
Tables 3/4 - Standard Deduction Table / Personal Exemption Credit (Annual)	Tables 3/4 - Standard Deduction Table / Personal Exemption Credit (Annual)
Single: 3,670.00 Married with '0' or '1' allowance: 3,670.00 Married with '2' or more allowances: 7,340.00 Unmarried head of household: 7,340.00 Amount of credit for '1' allowance: 108.90	Single: 3,769.00 Married with '0' or '1' allowance: 3,769.00 Married with '2' or more allowances: 7,538.00 Unmarried head of household: 7,538.00 Amount of credit for '1' allowance: 112.20



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### California State Income Tax (continued)

#### Method B- Exact Calculation Method – Single - (Annual Payroll Period)

2011					2012				
Method B SINGLE					Method B SINGLE				
Method B—Exact Calculation Method (Annual Payroll Period)					Method B—Exact Calculation Method (Annual Payroll Period)				
SINGLE persons, dual income married, or married with multiple employers					SINGLE persons, dual income married, or married with multiple employers				
If taxable income is...		The computed tax is...			If taxable income is...		The computed tax is...		
Over	But not over		Of amount over..	Plus	Over	But not over		Of amount over..	Plus
0	7,124	1.10 %	0	0.00	0	7,316	1.10 %	0	0.00
7,124	16,890	2.20 %	7,124	78.36	7,316	17,346	2.20 %	7,316	80.48
16,890	26,657	4.40 %	16,890	293.21	17,346	27,377	4.40 %	17,346	301.14
26,657	37,005	6.60 %	26,657	722.96	27,377	38,004	6.60 %	27,377	742.50
37,005	46,766	8.80 %	37,005	1,405.93	38,004	48,029	8.80 %	38,004	1,443.88
46,766	999,999	10.23 %	46,766	2,264.90	48,029	999,999	10.23 %	48,029	2,326.08
0	0	.00 %	0	0.00	0	0	.00 %	0	0.00
0	0	.00 %	0	0.00	0	0	.00 %	0	0.00
0	0	.00 %	0	0.00	0	0	.00 %	0	0.00
0	0	.00 %	0	0.00	0	0	.00 %	0	0.00

#### Method B- Exact Calculation Method – Married - (Annual Payroll Period)

2011					2012				
Method B MARRIED					Method B MARRIED				
Method B—Exact Calculation Method (Annual Payroll Period)					Method B—Exact Calculation Method (Annual Payroll Period)				
MARRIED persons					MARRIED persons				
If taxable income is...		The computed tax is...			If taxable income is...		The computed tax is...		
Over	But not over		Of amount over..	Plus	Over	But not over		Of amount over..	Plus
0	14,248	1.10 %	0	0.00	0	14,632	1.10 %	0	0.00
14,248	33,780	2.20 %	14,248	156.73	14,632	34,692	2.20 %	14,632	160.95
33,780	53,314	4.40 %	33,780	586.43	34,692	54,754	4.40 %	34,692	602.27
53,314	74,010	6.60 %	53,314	1,445.93	54,754	76,008	6.60 %	54,754	1,485.00
74,010	93,532	8.80 %	74,010	2,811.87	76,008	96,058	8.80 %	76,008	2,887.76
93,532	999,999	10.23 %	93,532	4,529.81	96,058	999,999	10.23 %	96,058	4,652.16
0	0	.00 %	0	0.00	0	0	.00 %	0	0.00
0	0	.00 %	0	0.00	0	0	.00 %	0	0.00
0	0	.00 %	0	0.00	0	0	.00 %	0	0.00
0	0	.00 %	0	0.00	0	0	.00 %	0	0.00

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### California State Income Tax (continued)

#### Method B- Exact Calculation Method – Head of Household - (Annual Payroll Period)

2011					2012				
Method B Head of Household					Method B Head of Household				
Method B—Exact Calculation Method (Annual Payroll Period)					Method B—Exact Calculation Method (Annual Payroll Period)				
Head of Household					Head of Household				
If taxable income is...		The computed tax is...			If taxable income is...		The computed tax is...		
Over	But not over		Of amount over..	Plus	Over	But not over		Of amount over..	Plus
0	14,257	1.10%	0	0.00	0	14,462	1.10%	0	0.00
14,257	33,780	2.20%	14,257	156.83	14,462	34,692	2.20%	14,462	161.06
33,780	43,545	4.40%	33,780	586.34	34,692	44,721	4.40%	34,692	602.16
43,545	53,893	6.60%	43,545	1,016.00	44,721	55,348	6.60%	44,721	1,043.44
53,893	63,657	8.80%	53,893	1,698.97	55,348	65,376	8.80%	55,348	1,744.82
63,657	999,999	10.23%	63,657	2,558.20	65,376	999,999	10.23%	65,376	2,627.28
0	0	.00%	0	0.00	0	0	.00%	0	0.00
0	0	.00%	0	0.00	0	0	.00%	0	0.00
0	0	.00%	0	0.00	0	0	.00%	0	0.00
0	0	.00%	0	0.00	0	0	.00%	0	0.00



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**Federal Taxes:**

**Social Security (FICA) /Medicare Tax Increase**

Generally, FICA taxes are collected at a rate of 7.65% on gross earnings, which are earnings before any deductions are taken. The breakdown of FICA is 6.2% for Social Security (Old-Age, Survivors, and Disability Insurance or OASDI) and 1.45% for Medicare. The following table shows the FICA limits for 2011 through 2012:

*Special Note: The reduction to the Social Security withholding rate from 6.20% to 4.20% of wages that began in 2011 was extended through February 29, 2012. (See IR-2011-124, dated Dec. 23, 2011, below).*

FICA Yearly Limits					
Year	Annual Social Security Wage Base Limit	Social Security Tax Rate	Maximum Annual Social Security Tax Withholding	Annual Medicare Wage Base	Medicare Tax Rate
2012	\$110,100	4.2%	\$6,826.20	No annual limit	1.45%
2011	\$106,800	4.2%	\$4,485.60	No annual limit	1.45%

**2011**

Payroll Tax Rate Maintenance  
OASDI/Medicare

1/1/2011: FICA & MEDICARE RATES 2011

Effective Date: 1/1/2011

Description: FICA & MEDICARE RATES 2011

**OASDI (Social Security) Rates and Limits**

OASDI tax rate employee: 4.20 %

OASDI tax rate employer: 6.20 %

OASDI buyout rate: .000000 % (Optional)

Maximum wages subject to OASDI: 106,800.00

**MEDICARE Rates and Limits**

MEDICARE tax rate employee: 1.45 %

MEDICARE tax rate employer: 1.45 %

MEDICARE buyout rate: .000000 % (Optional)

Maximum wages subject to MEDICARE: 999,999.00

**2012**

Payroll Tax Rate Maintenance  
OASDI/Medicare

1/1/2012: FICA & MEDICARE RATES 2012

Effective Date: 1/1/2012

Description: FICA & MEDICARE RATES 2012

12 records

**OASDI (Social Security) Rates and Limits**

OASDI tax rate employee: 4.20 %

OASDI tax rate employer: 6.20 %

OASDI buyout rate: .000000 % (Optional)

Maximum wages subject to OASDI: 110,100.00

**MEDICARE Rates and Limits**

MEDICARE tax rate employee: 1.45 %

MEDICARE tax rate employer: 1.45 %

MEDICARE buyout rate: .000000 % (Optional)

Maximum wages subject to MEDICARE: 999,999.00



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### **Payroll Tax Cut Temporarily Extended into 2012**

IR-2011-124, Dec. 23, 2011

WASHINGTON — Nearly 160 million workers will benefit from the extension of the reduced payroll tax rate that has been in effect for 2011. The Temporary Payroll Tax Cut Continuation Act of 2011 temporarily extends the two percentage point payroll tax cut for employees, continuing the reduction of their Social Security tax withholding rate from 6.2 percent to 4.2 percent of wages paid through Feb. 29, 2012. This reduced Social Security withholding will have no effect on employees' future Social Security benefits.

Employers should implement the new payroll tax rate as soon as possible in 2012 but not later than Jan. 31, 2012. For any Social Security tax over-withheld during January, employers should make an offsetting adjustment in workers' pay as soon as possible but not later than March 31, 2012. Employers and payroll companies will handle the withholding changes, so workers should not need to take any additional action.

Under the terms negotiated by Congress, the law also includes a new "recapture" provision, which applies only to those employees who receive more than \$18,350 in wages during the two-month period (the Social Security wage base for 2012 is \$110,100, and \$18,350 represents two months of the full-year amount). This provision imposes an additional income tax on these higher-income employees in an amount equal to 2 percent of the amount of wages they receive during the two-month period in excess of \$18,350 (and not greater than \$110,100).

This additional recapture tax is an add-on to income tax liability that the employee would otherwise pay for 2012 and is not subject to reduction by credits or deductions. The recapture tax would be payable in 2013 when the employee files his or her income tax return for the 2012 tax year. With the possibility of a full-year extension of the payroll tax cut being discussed for 2012, the IRS will closely monitor the situation in case future legislation changes the recapture provision.

The IRS will issue additional guidance as needed to implement the provisions of this new two-month extension, including revised employment tax forms and instructions and information for employees who may be subject to the new "recapture" provision. For most employers, the quarterly employment tax return for the quarter ending March 31, 2012, is due April 30, 2012.