



District Business and Advisory Services

Bulletin: 22-016

Date: January 4, 2022

To: District Chief Business Officers
 District Directors of Fiscal Services
 District Human Resource and Payroll Managers

From: Nghia Do, District Business Advisor

Re: **Important Updates:** 2022 Tax Rates and Other Payroll-Related Updates

The purpose of this bulletin is to communicate known Federal and California State Tax changes effective January 1, 2022. The QSS tax tables are updated to reflect the changes. The Internal Revenue Services (IRS) has released the Publication 15-T, the Federal Income Tax (FIT) Withholding Methods for the calendar year 2022.

Both Federal and State Withholding schedules for the calendar year 2022 can be respectively found online at:

<https://www.irs.gov/pub/irs-pdf/p15t.pdf>

https://edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm

Below are the rate and benefit limit changes effective January 1, 2022:

Social Security and Medicare Taxes	2021	2022	Change
Employee	7.65%	7.65%	0
Employer	7.65%	7.65%	0
Maximum Taxable Earnings	2021	2022	Change
Social Security (OASDI only)	\$142,800	\$147,000	+\$4,200
Medicare (HI only)	No Limit	No Limit	0

Notes:

- The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security (OASDI) portion is 6.20% on earnings up to the applicable taxable maximum amount of \$142,800. The Medicare (HI) portion is 1.45% on all earnings.
- An additional employee only Medicare tax of 0.9% applies to wages in excess of \$200,000 for single taxpayers and \$250,000 for married taxpayers filing jointly. The rates shown in the table above do not include the 0.9 percent.

Health Saving Accounts	2021	2022	Change
Minimum deductible for high deductible health plans (HDHP)	Single Coverage	Single Coverage	Single Coverage
	\$1,400	\$1,400	\$0
	Family	Family	Family
	\$2,800	\$2,800	\$0
Maximum annual out-of-pocket for HDHP	Single Coverage	Single Coverage	Single Coverage
	\$7,000	\$7,050	+\$50
	Family	Family	Family
	\$14,000	\$14,100	+\$100
Maximum contribution limit	Single Coverage	Single Coverage	Single Coverage
	\$3,600	\$3,650	+\$50
	Family	Family	Family
	\$7,200	\$7,300	+\$100
Health Savings Account holders 55 and over get to save extra \$1,000	Single Coverage	Single Coverage	Single Coverage
	\$4,600	\$4,600	\$0
	Family		Family
	\$8,200	\$8,200	\$0
Flexible Spending Accounts	2021	2022	Change
Maximum pre-tax contribution to health care reimbursement flexible spending accounts	\$2,750	\$2,850	+\$100
Section 403(b) Tax Sheltered Annuities	2021	2022	Change
Maximum amount of employee elective deferrals	\$19,500	\$20,500	+\$1,000
Employees age 50 or older and meet other requirements can make up in additional catch-up contributions	\$6,500	\$6,500	\$0
Section 457 Deferred Compensation Plans	2021	2022	Change
Maximum amount of contributions	\$19,500	\$20,500	+\$1,000
Employees age 50 or older and meet other requirements can make up in additional catch-up contributions	\$6,500	\$6,500	\$0
Travel Expenses	2021	2022	Change
Mileage reimbursement rate for business miles driven	56 cents/mile	58.5 cents/mile	+2.5 cents/mile
California State Disability Insurance	2021	2022	Change
The State Disability (SDI) withholding rate	1.20%	1.10%	-0.1%
Taxable wage limit for each employee per calendar year	\$128,298	\$145,600	+\$17,303
The maximum annual withholding for each employee	\$1,539.58	\$1,601.60	+\$62.02

Form W-4 Employee's Withholding Certificate for the calendar year 2022

The attached pdf version of the 2022 W-4 Employee's Withholding Certificate and general instructions is available for downloading from the IRS website at:

<https://www.irs.gov/pub/irs-pdf/fw4.pdf>

Please distribute this bulletin within your District as deemed appropriate.