



2008 California Tax Changes

There are changes in the payroll tax rates and wage limits for the California tax tables. These changes are effective **January 1st, 2008**. You may access this information online at the Compusource web site at the following address: www.compusource.com/taxtables/.

These changes should be made **AFTER** the final payroll of 2007 has been run, **AFTER** the "Save Year-end Info and Reset" program has been run, but **BEFORE** the first payroll run of 2008 is begun.

Do NOT change your tax tables with year-2008 rates until you have completed the "Save Year- end Info and Reset" for 2007: the system saves some of the 2007 tax rate information along with the 2007 employee data for later use by the W2 programs.

*** If you change your tax tables before you run the "Save Info and Reset" option, you will save year-2008 tax rates with year-2007 employee data and your W2 forms **won't print the correct amounts.***

Use the "**State/Federal Tax Tables**" option in your Payroll system to make the table changes. (Note: on some systems, the option is called "Tax Parameter File Maintenance".)

2008 California Tax Changes Overview

Increase in the State of California Standard Deduction

The standard deduction for the State of California for 2008 increases to \$3,516 for Single, and \$7,032 for Married/Head of Household. You can update these fields yourself on the Custom Screen (option "U") of the "CA" (California) record of the Tax Data File--see the sample screen that follows. (Reference: "2008 California Employer's Guide", DE44, Table 3.)

Increase in the State of California Low Income Exemption

The low income exemption for the State of California for 2008 increases to \$11,630 for Single, and \$23,259 for Married/Head of Household. You can update these fields yourself on the Custom Screen (option "U") of the "CA" (California) record of the Tax Data File--see the sample screen that follows. (Reference: "2008 California Employer's Guide", DE44, Table 1.)

Increase in the State of California Personal Exemption Credit

The personal exemption credit for the State of California for 2008 increases to \$94 per allowance. You can update these fields yourself on the Custom Screen (option "U") of the "CA" (California) record of the Tax Data File. (Reference: "2008 California Employer's Guide", DE44, Table 4.)

No Change in the State of California Unemployment Wage Limit

The California Unemployment wage limit for 2008 remains unchanged at \$7,000.

The California Unemployment Contribution rate, however, varies from company to company, from 1.5% to 6.2%. The Employment Training Tax rate for 2008 remains at 0.1%. **Refer to your Form DE-2088 that you receive from the State of California Employment Development Department (EDD) for your contribution rates for Unemployment Insurance and Employment Training Tax.** Add these two rates together, and enter the sum as a decimal number for the employer unemployment rate. For example, if your DE-2088 indicates an Unemployment Contribution rate of 3.4% and an Employment Training Tax (ETT) rate of 0.1%, the total rate would be 3.5% or .03500 expressed as a decimal. Keep the "UNEMPLOYMENT TAX WAGE LIMIT" of the "CA" (California) record of the Tax Data File as 7000.00; the "UNEMPLOYMENT EMPLOYEE TAX RATE" is 0.00000, and the "UNEMPLOYMENT EMPLOYER TAX RATE" would be 0.03500, in the example I've just described--but your rate will probably be different. (If you have any questions on what your Unemployment rates should be, you can contact EDD Taxpayer Assistance Center at 888.745.3886.)

Increase in the State of California Disability Wage Limit for 2008

The California Disability Insurance (SDI) wage limit for 2008 increases to \$86,698. Change the "DISABILITY TAX WAGE LIMIT" of the "CA" (California) record of the Tax Data File to 86698.00. (Reference: "Notice of Contribution Rates and Statement of UI Reserve Account for Calendar Year 2008")

Increase in the State of California Disability Tax Rate for 2008

The California Disability Insurance (SDI) contribution rate for 2008 increases to 0.8%. Change the "DISABILITY EMPLOYEE TAX RATE" to 0.00800; the "DISABILITY EMPLOYER TAX RATE" is 0.00000. (Reference: "Notice of Contribution Rates and Statement of UI Reserve Account for Calendar Year 2008".)

No Change in California Deduction for Additional Allowances

The Estimated Deduction for Additional Withholding Allowances remains at \$1,000 per allowance. (Reference: "2008 California Employer's Guide", DE44, Table 2.)

New California Withholding Tables

Following this notice are sample screens with the withholding rates for 2008. These changes should be made to the "CA" (California) record of the Tax Parameter File. You must access the Single, Married, and Head of Household) screens individually. (Reference: "2008 California Employer's Guide", DE44, Table 5.)

2008 California Tax Changes Taxdata Screen

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Tax Parameters File
File Edit Preferences View Transfer Help
PR920                               Compusource Corporation                                01/01/08
                                     TAX DATA FILE MAINTENANCE

      LOCALITY #:  CA
      NAME:       CALIFORNIA 2008
      ID #:      (Your Tax ID# goes here)

ANNUAL EXEMPTIONS-SELF:  0.00   W/H TAX PAYABLE ACCT#.....:
DEPENDENTS.....:        0.00   EIC ADVANCES RECEIVABLE ACCT#:
BONUS PAY W/H RATE.....:  0.0600  W-2 FORM DESCRIPTION.....:  WM-46
W/H METHOD.....:          C       941 FORM DESCRIPTION.....:
RATE.....:              0.0000  QTRLY USER-DEFINED FORM #'S...:  21

      FICA/DISABILITY          FUI/UNEMPLOYMENT
      86698.00                7000.00
      0.00800                0.00000
      0.00000                * See note below *

      ....TAX WAGE LIMIT.....
      ....EMPLOYEE TAX RATE.....
      ....EMPLOYER TAX RATE.....

      ...EMPLOYEE TAX PAY ACCT#...
      ...EMPLOYER TAX PAY ACCT#...
      ...EMPLOYER TAX EXP ACCT#...

F-FIND, N-NEXT, A-ADD, C-CHG, P-PRT, S-SNGL, M-MRD, H-HOH, U-CUS, E-END
  
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2008 California SDI Tax Rate and Wage Base

The maximum wages subject to California SDI tax increases to \$86,3698 for 2008. The Employee SDI withholding rate increases to 0.8% (.00800).

2008 California Unemployment Employer Tax Rate and Wage Base

The Employer Tax Rate for California Unemployment varies by company. Refer to the Notice of Contribution Rates (Form DE2088) you receive from the California Employment Development Department. To calculate the SUI rate, take your Unemployment Insurance (UI) Contribution and add your Employment Training Tax rate. Take the answer (a percent), change it to decimal form, and put the result in the EMPLOYER TAX RATE field under the column UNEMPLOYMENT. (For example, if your UI Contribution is 3.4% and your Employment Training Tax is 0.1%, your combined rate is 3.5%, and you enter .03500 in the Employer Rate field.) The Unemployment Wage Base remains at \$7000.

Reference:

"Notice of Contribution Rates and Statement of UI Reserve Account for Calendar Year 2008", Employment Development Department Publications DE2088 and DE2088C.

2008 California Tax Changes Custom Screen

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Tax Parameters: File
File Edit Preferences View Transfer Help
PR920                               Compusource Corporation                               01/01/08
                                   TAX DATA FILE MAINTENANCE

                                   LOCALITY #: CA             NAME: CALIFORNIA 2008

CUSTOM FIELD # DESCRIPTION          NUMBER  CUSTOM FIELD # DESCRIPTION          NUMBER
   1 S/M1 LIL                       11630   11                               0
   2 HOH/M2 LIL                     23259   12                               0
   3 ITM EXEMPT                      1000    13                               0
   4 S/M1 STD                         3516   14                               0
   5 HOH/M2 STD                       7032   15                               0
   6 TAX CREDIT                       94     16                               0
   7                                   0      17                               0
   8                                   0      18                               0
   9                                   0      19                               0
  10                                   0      20                               0

OVERRIDE CUSTOM ROUTINE CODE:

F-FIND, N-NEXT, A-ADD, C-CHG, P-PRT, T-DATA, S-SNGL, M-MRD, H-HOH, E-END █

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Increase in California Low Income Exemption

The Low Income Exemption for Singles and for Marrieds with 1 or fewer allowances increases to \$11,630 . . . for Heads of Households and for Marrieds with 2 or more allowances, increases to \$23,259. Change the amount for the custom field #1 labeled "S/M1 LIL" to 11630. Change the amount for the custom field #2 labeled "HOH/M2 LIL" to 23259.

Increase in California Standard Deduction

The Standard Deduction for Singles and or Marrieds with 1 or fewer allowances increases to \$3,516 . . . for Heads of Households and for Marrieds with 2 or more allowances increases to \$7,032. Change the amount for the custom field #4 labeled "S/M1 STD" to 3516. Change the amount for the custom field #5 labeled "HOH/M2 STD" to 7032.

Increase in California Personal Exemption Credit

The Personal Exemption Credit increases to \$94. Change the amount for the custom field #6 labeled "TAX CREDIT" to 94.

Reference:

"2008 California Employer's Guide", Employment Development Department Publication DE44, Tables 1, 2, 3, and 4 (Method B--Exact Calculation Method, Annual Payroll Period).

2008 California Tax Changes Single Screen

Tax Parameters File
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File Edit Preferences View Transfer Help

PR920
Compusource Corporation
TAX DATA FILE MAINTENANCE
01/01/08

LOCALITY #: **CA**
NAME: **CALIFORNIA 2008**

	LOWER WAGE LIMIT	BASE	W/H RATE
	0.00	0.00	0.0100
S	6827.00	68.27	0.0200
I	16185.00	255.43	0.0400
N	25544.00	629.79	0.0600
G	35460.00	1224.75	0.0800
L	44814.00	1973.07	0.0930
E	999999.00	90805.28	0.1030
	999999.00	0.00	0.0000
	0.00	0.00	0.0000
	0.00	0.00	0.0000
	0.00	0.00	0.0000
	0.00	0.00	0.0000
	0.00	0.00	0.0000
	0.00	0.00	0.0000
	0.00	0.00	0.0000
	0.00	0.00	0.0000
	0.00	0.00	0.0000

F-FIND, N-NEXT, A-ADD, C-CHG, P-PRT, T-DATA, M-MRD, H-HOH, U-CUS, E-END █

Reference:

"2008 California Employer's Guide", Employment Development Department Publication DE44, Table 5 (Method B--Exact Calculation Method, Annual Payroll Period).

2008 California Tax Changes Married Screen

Tax Parameters File				
File Edit Preferences View Transfer Help				
PR920	Compusource Corporation TAX DATA FILE MAINTENANCE			01/01/08
LOCALITY #: CA		NAME: CALIFORNIA 2008		
LOWER				
	WAGE LIMIT	BASE	W/H RATE	
	0.00	0.00	0.0100	
M	13654.00	136.54	0.0200	M
A	32370.00	510.86	0.0400	A
R	51088.00	1259.58	0.0600	R
R	70920.00	2449.50	0.0800	R
I	89628.00	3946.14	0.0930	I
E	999999.00	88610.64	0.1030	E
D	9999999.00	0.00	0.0000	D
	0.00	0.00	0.0000	
	0.00	0.00	0.0000	
	0.00	0.00	0.0000	
	0.00	0.00	0.0000	
	0.00	0.00	0.0000	
	0.00	0.00	0.0000	
	0.00	0.00	0.0000	
	0.00	0.00	0.0000	
F-FIND, N-NEXT, A-ADD, C-CHG, P-PRT, T-DATA, S-SNGL, H-HOH, U-CUS, E-END				

Reference:

"2008 California Employer's Guide", Employment Development Department Publication DE44, Table 5 (Method B--Exact Calculation Method, Annual Payroll Period).

