



2012 California Payroll Tax Changes

There are changes in the payroll tax rates and wage limits for the California tax tables. These changes are effective **January 1st, 2012**. (You may access this information online at the Compusource web site at the following address: www.compusource.com.)

These changes should be made **AFTER** the final payroll of 2011 has been run, **AFTER** the "Save Year-end Info and Reset" program has been run, but **BEFORE** the first payroll run of 2012 is begun.

Do NOT change your tax tables with year-2012 rates until you have completed the "Save Year- end Info and Reset" for 2011: the system saves some of the 2011 tax rate information along with the 2011 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-2012 tax rates with year-2011 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".)

Overview

Increase in the State of California Standard Deduction

The standard deduction for the State of California increases to \$3,769 for Single, and \$7,538 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: "2012 California Employer's Guide", DE44MM Rev38, Table 3, p63 .)

No Change in the State of California Bonus Pay Withholding Rate

The bonus pay withholding rate for the State of California remains unchanged at 6.6% (0.0660). You can check this field yourself on the Data Screen (option "T") of the "CA" (California) record of the Tax Data File. Verify that the "BONUS PAY W/H RATE" of the "CA" (California) record of the Tax Data File is set to 0.0660.--see the sample screen that follows. (Reference: "2012 California Employer's Guide", DE44MM Rev38, p14.)

Increase in the State of California Low Income Exemption

The low income exemption for the State of California increases to \$12,527 for Single, and \$25,054 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.

Increase in the State of California Personal Exemption Credit

The personal exemption credit for the State of California increases to \$112.20 per allowance. You can update this field yourself on the Custom Screen (option "U") of the "CA" (California) record of the Tax Data File. Change the "TAX CREDIT" value to "109". (Reference: "2012 California Employer's Guide", DE44MM, Table 4, p63.)

No Change in the State of California Unemployment Wage Limit

The California Unemployment wage limit 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 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

The California Disability Insurance (SDI) wage limit increases to \$95,585. Change the value of the "DISABILITY TAX WAGE LIMIT" of the "CA" (California) record of the Tax Data File to 95585.00. (Reference: "Notice of Contribution Rates and Statement of UI Reserve Account for Calendar Year 2012")

Decrease in the State of California Disability Tax Rate

The California Disability Insurance (SDI) contribution rate decreases to 1.0%. Change the "DISABILITY EMPLOYEE TAX RATE" to 0.01000. (Reference: "Notice of Contribution Rates and Statement of UI Reserve Account for Calendar Year 2012".)

No Change in California Deduction for Additional Allowances

The Estimated Deduction for Additional Withholding Allowances remains at \$1,000 per allowance. (Reference: "2012 California Employer's Guide", DE44MM, Table 2, p62.)

New California Withholding Tables

Following this notice are sample screens with the withholding rates for 2012. 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: "2012 California Employer's Guide", DE44MM, Table 5, p64.)

2012 California Tax Changes

Taxdata Screen

PR920	Compusource Corporation	1/01/12
	TAX DATA FILE MAINTENANCE	
	LOCALITY #: CA	
	NAME: CALIFORNIA-2012	
	ID #: Your TaxID HERE	
ANNUAL EXEMPTIONS-SELF:	0.00	W/H TAX PAYABLE ACCT#.....:
DEPENDENTS.....:	0.00	EIC ADVANCES RECEIVABLE ACCT#:
BONUS PAY W/H RATE.....:	0.0660	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
95585.00TAX WAGE LIMIT.....	7000.00
0.01000EMPLOYEE TAX RATE.....	0.00000
0.00000EMPLOYER TAX RATE.....	See note below
	...EMPLOYEE TAX PAY ACCT#...	
	...EMPLOYER TAX PAY ACCT#...	
	...EMPLOYER TAX EXP ACCT#...	
F-FIND, N-NEXT, A-ADD, C-CHG, P-PRT, T-DATA, S-SNGL, M-MRD, H-HOH, E-END		

2012 California SDI Tax Rate and Wage Base

The California Disability Insurance (SDI) wage limit increases to \$95,585. Change the value of the "DISABILITY TAX WAGE LIMIT" of the "CA" (California) record of the Tax Data File to 95585.00. The Employee SDI withholding rate decreases to 1.0% (.01000).

2012 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 2012", Employment Development Department Publication DE2088 Rev 52.

2012 California Tax Changes

Custom Screen

PR920	Compusource Corporation				1/01/12
	TAX DATA FILE MAINTENANCE				
	LOCALITY #:	CA	NAME:	CALIFORNIA-2012	
CUSTOM FIELD #	DESCRIPTION	NUMBER	CUSTOM FIELD #	DESCRIPTION	NUMBER
1	S/M1 LIL	12527	11		0
2	HOH/M2 LIL	25054	12		0
3	ITM EXEMPT	1000	13		0
4	S/M1 STD	3769	14		0
5	HOH/M2 STD	7538	15		0
6	TAX CREDIT	112	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					

2012 California Low Income Exemption

The Low Income Exemption for Singles and Marrieds with 1 or fewer allowances increases to \$12,527 . . . for Heads of Households and for Marrieds with 2 or more allowances, it increases to \$25,054. Change the amount for the custom field #1 labeled "S/M1 LIL" to 12527. Change the amount for the custom field #2 labeled "HOH/M2 LIL" to 25054. (Reference: "2012 California Employer's Guide", DE44MM Rev38, Table 1, p62.)

2012 California Standard Deduction

The Standard Deduction for Singles and Marrieds with 1 or fewer allowances increases to \$3,769 . . . for Heads of Households and for Marrieds with 2 or more allowances, it increases to \$7,538. Change the amount for the custom field #4 labeled "S/M1STD" to 3769. Change the amount for the custom field #5 labeled "HOH/M2 STD" to 7538.

2012 California Personal Exemption Credit

The Personal Exemption Credit increases to \$112.20. Change the amount for the custom field #6 labeled "TAX CREDIT" to 112.

Reference: "2012 California Employer's Guide", Employment Development Department Publication DE44MM, Rev 37, Tables 1, 2, 3, and 4 (Method B-Exact Calculation Method, Annual Payroll Period), p62-63.

2012 California Tax Changes Single Screen

PR920		Compusource Corporation TAX DATA FILE MAINTENANCE		1/01/12
LOCALITY #:		CA	NAME: CALIFORNIA-2012	
	LOWER WAGE LIMIT	BASE	W/H RATE	
	0.00	0.00	0.0110	
S	7316.00	80.48	0.0220	
I	17346.00	301.14	0.0440	
N	27377.00	742.50	0.0660	
G	38004.00	1443.88	0.0880	
L	48029.00	2326.08	0.1023	
E	1000000.00	99712.71	0.1133	
	9999999.99	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	

S
I
N
G
L
E

S
I
N
G
L
E

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

Reference:
 "2012 California Employer's Guide", DE44MM, Table 5, p64.

2012 California Tax Changes Head of Household Screen

PR920		Compusource Corporation TAX DATA FILE MAINTENANCE		1/01/12
LOCALITY #:		CA	NAME: CALIFORNIA-2012	
	LOWER WAGE LIMIT	BASE	W/H RATE	
	0.00	0.00	0.0110	
H	14642.00	161.06	0.0220	H
E	34692.00	602.16	0.0440	E
A	44721.00	1043.44	0.0660	A
D	55348.00	1744.82	0.0880	D
	65376.00	2627.28	0.1023	
O	1000000.00	98239.32	0.1133	O
F	9999999.99	0.00	0.0000	F
	0.00	0.00	0.0000	
H	0.00	0.00	0.0000	H
O	0.00	0.00	0.0000	O
U	0.00	0.00	0.0000	U
S	0.00	0.00	0.0000	S
E	0.00	0.00	0.0000	E
	0.00	0.00	0.0000	

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

Reference:
 "2012 California Employer's Guide", DE44MM, Table 5, p64.

2012 California Tax Changes Married Screen

PR920	Compusource Corporation TAX DATA FILE MAINTENANCE			1/01/12
LOCALITY #: CA		NAME: CALIFORNIA-2012		
	LOWER WAGE LIMIT	BASE	W/H RATE	
	0.00	0.00	0.0110	
M	14632.00	160.95	0.0220	M
A	34692.00	602.27	0.0440	A
R	54754.00	1485.00	0.0660	R
R	76008.00	2887.76	0.0880	R
I	96058.00	4652.16	0.1023	I
E	1000000.00	97125.43	0.1133	E
D	9999999.99	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, M-MRD, H-HOH, E-END				

Reference:
 "2012 California Employer's Guide", DE44MM, Table 5, p64.