



December 2022

Dear Client:

As the 2022 tax year comes to a close, this is an important reminder that your fourth quarter/annual compliance-filing deadline is just on the horizon.

Please be aware that the filing deadline for 4th quarter payroll and annual 1099s is Tuesday, January 31, 2023. In order to ensure the timely filing of these reports, please forward the necessary documentation to our office, **no later than January 16**. Remember to include all employee and vendor information. This includes Name, EIN or Social Security Number, and Address for all employees and vendors.

We would also like to inform you of an important update. The EDD has announced a Credit Reduction Rate of .3% for the 2022 tax year, to be reported on your Annual FUTA Form 940. This means you may have additional FUTA tax owed by January 31, 2023 for the 2022 tax year. Our office will advise you of this additional tax liability upon preparation of the Annual 940.

In addition, we are forwarding the enclosed Payroll Tax Information Summary, pertaining to the 2023 tax year. **Please note the SDI rate for 2023 will change to .9%.**

Wishing you prosperity in 2023,

Bowman & Company, LLP

PAYROLL TAX INFORMATION SUMMARY

FEDERAL – 2023

Federal Insurance Contribution Act (FICA)

Employee

Employer

Social Security Wages:

Maximum wages subject to tax per employee	\$ 160,200	\$ 160,200
Social Security tax rate	6.20%	6.20%

Medicare Wages:

All wages paid to employees are subject to Medicare tax – <u>No maximum wage limit</u>	1.45%	1.45%
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****2.35% Medicare tax (regular 1.45% Medicare tax + 0.9% additional Medicare tax) on all employee wages in excess of \$200,000.**

Federal Unemployment Insurance Act (FUTA)

Maximum wages subject to tax per employee	7,000.00
Tax rate	.6%
Maximum employer tax per employee	42.00

**Additional Credit Reduction rate to be announced January 2023

CALIFORNIA – 2023

State Disability Insurance (SDI)

Employee

Employer

Maximum wages are subject to tax per employee	\$ 153,164	-
Tax rate	.9%	-
Maximum tax withheld from employee	1,378.48	-

State Unemployment Insurance (SUI)

Maximum wages subject to tax per employee	\$ 7,000.00
Tax rate – varies according to experience of employer	