



December 2023

Dear Client:

As the 2023 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 Wednesday, January 31, 2024. In order to ensure the timely filing of these reports, please forward the necessary documentation to our office, **no later than January 17**. 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 .6% for the 2023 tax year, to be reported on your Annual FUTA Form 940. This means you may have additional FUTA tax owed by January 31, 2024 for the 2023 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 2024 will change to 1.1%, and effective January 1, 2024, there will be no maximum wage limit.**

Wishing you prosperity in 2024,

Bowman & Company, LLP

PAYROLL TAX INFORMATION SUMMARY

FEDERAL – 2024

<u>Federal Insurance Contribution Act (FICA)</u>	<u>Employee</u>	<u>Employer</u>
<u>Social Security Wages:</u>		
Maximum wages subject to tax per employee	\$ 168,600	\$ 168,600
Social Security tax rate	6.20%	6.20%
<u>Medicare Wages:</u>		
All wages paid to employees are subject to Medicare tax – <u>No maximum wage limit</u>	1.45%	1.45%
**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 for California to be announced

CALIFORNIA – 2024

<u>State Disability Insurance (SDI)</u>	<u>Employee</u>	<u>Employer</u>
**Effective January 1, 2024, Senate Bill 951 removes the taxable wage limit and maximum withholdings for each employee subject to SDI contributions.		
All wages paid to employees are subject to SDI tax – <u>No maximum wage limit</u>	1.1%	-

State Unemployment Insurance (SUI)

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