

Memorandum

BONITA UNIFIED SCHOOL DISTRICT

Business Services

TO: All Employees
CC: Sonia Eckley, Sr. Dir. Fiscal Services
FROM: Rosa Beltran, Payroll Manager
DATE: January 8, 2020
SUBJECT: Year 2020 Income Tax Changes and Withholding Information Effective January 1, 2020

Federal and State Income Tax Withholding

Updated tax changes have been implemented for payrolls issuing on and after January 1, 2020. The federal and state income tax withholding brackets have been revised and are included with this notice. Shaded areas of the federal annual tax rate schedules are currently under development in the HRS county-wide payroll system. Your employer will be notified when they are available for use.

Employee Social Security/OASDI and Medicare

The Social Security/OASDI employee rate for 2020 remains unchanged at 6.2 percent, however the maximum subject wages have increased for 2020. There is no Medicare wage cap for employees. Employee rates remain unchanged at 1.45 percent; however, the Additional Medicare Tax requires that employers withhold an additional 0.9 percent on wages paid to employees in excess of \$200,000 in a calendar year.

Tax Summary	Year 2019	Year 2020
Social Security/OASDI Rate	6.2 percent	6.2 percent
Medicare Rate*	1.45 percent	1.45 percent
Social Security Maximum Wage Base	\$132,900	\$137,700
Medicare Maximum Wage Base	no limit	no limit
Maximum Medicare Contribution (1.45%)	no limit	no limit

Federal Withholding – IRS Form W-4

Only new employees and those wishing to make withholding adjustments must complete the new IRS 2020 Form W-4, “Employee’s Withholding Certificate”. The Form W-4 changed significantly in 2020, creating the need for programming changes to the payroll system. Until these changes are successfully implemented, employees will be required to complete a 2019 Form W-4 as well.

Federal Exempt from Withholding

If you claimed exemption from withholding tax in 2019, you must complete a new Form W-4 for year 2020 no later than February 17, 2020, if you want to continue to claim the exemption in 2020. If you no longer wish to claim exempt status, you must file a new form W-4 for January tax withholding.

State Withholding – Form DE 4

All employees updating their IRS Form W-4 must now complete a California State Withholding Form (DE 4). Some items in this notice are intended to comply with employee notification requirements of the IRS.

If you have any questions about how these changes affect you, please contact your tax advisor. If you have any other questions, please contact Rosa Beltran at (909)971-8320 x5214, payroll@bonita.k12.ca.us

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