

# Memorandum

BONITA UNIFIED SCHOOL DISTRICT

*Business Services*

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**TO:** All Employees  
**CC:** Sonia Eckley, Sr. Dir. Fiscal Services  
**FROM:** Rosa Beltran, Payroll Manager  
**DATE:** January 6, 2021  
**SUBJECT:** Year 2021 Income Tax Changes and Withholding Information Effective January 1, 2021

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## Federal and State Income Tax Withholding

Updated tax changes have been implemented for payrolls issuing on and after January 1, 2021. Federal and state income tax withholding brackets have been revised and can be accessed on the district's website.

## Employee Social Security/OASDI and Medicare

The Social Security/OASDI employee rate for 2021 remains unchanged at 6.2 percent, however the maximum subject wages have increased for 2021. 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 2020	Year 2021
Social Security/OASDI Rate	6.2 percent	6.2 percent
Medicare Rate*	1.45 percent	1.45 percent
Social Security Maximum Wage Base	\$137,700	\$142,800
Medicare Maximum Wage Base	no limit	no limit
Maximum Medicare Contribution (1.45%)	no limit	no limit

## Federal Withholding – IRS Form W-4

The Form W-4 changed significantly in 2020. The IRS recommends all taxpayers perform a “paycheck checkup” by using their online tool located at <https://www.irs.gov/paycheck-checkup>. Your employer cannot tell you how to complete Form W-4. Please read the instructions carefully and/or consult a tax professional. Only new employees and those wishing to make withholding adjustments, or those claiming exempt must complete the new *IRS 2021 Form W-4, “Employee’s Withholding Certificate.”*

## Federal Exempt from Withholding

If you claimed exemption from withholding tax in 2020 and wish to continue in 2021, you must complete a new *IRS 2021 Form W-4* no later than February 15, 2021. The form requires those wishing to claim exempt to write the word “EXEMPT” in “Step 4,” in the space directly under the box 4(c). 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

Employees updating their IRS Form W-4 must now also complete a California State Withholding Form (DE-4). Some items in this notice are intended to comply with employee notification requirements of the IRS. Should you have any questions, please contact Rosa Beltran at (909)971-8320 x5214, payroll@bonita.k12.ca.us

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