

# YEAR 2008 TAX RATES

and Other Employee Deductions

See Reverse for General Tax Calculation Procedures

**TABLE "A"**

## FEDERAL ANNUAL TAX RATES

Rates are applied to *annual taxable earnings\** (annual gross earnings less salary reductions) less \$3,500 times number of exemptions claimed.

### SINGLE person — including HEAD OF HOUSEHOLD

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to be withheld is:

Not over \$2,650 . . . . .	\$0
Over— But not over—	of excess over—
\$ 2,650 — \$ 10,300 . . . . .	10% — \$ 2,650
\$ 10,300 — \$ 33,960 . . . . .	\$ 765.00 plus 15% — \$ 10,300
\$ 33,960 — \$ 79,725 . . . . .	\$ 4,314.00 plus 25% — \$ 33,960
\$ 79,725 — \$ 166,500 . . . . .	\$ 15,755.25 plus 28% — \$ 79,725
\$ 166,500 — \$ 359,650 . . . . .	\$ 40,052.25 plus 33% — \$ 166,500
\$ 359,650 . . . . .	\$ 103,791.75 plus 35% — \$ 359,650

### MARRIED person

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to be withheld is:

Not over \$8,000 . . . . .	\$0
Over— But not over—	of excess over—
\$ 8,000 — \$ 23,550 . . . . .	10% — \$ 8,000
\$ 23,550 — \$ 72,150 . . . . .	\$ 1,555.00 plus 15% — \$ 23,550
\$ 72,150 — \$ 137,850 . . . . .	\$ 8,845.00 plus 25% — \$ 72,150
\$ 137,850 — \$ 207,700 . . . . .	\$ 25,270.00 plus 28% — \$ 137,850
\$ 207,700 — \$ 365,100 . . . . .	\$ 44,828.00 plus 33% — \$ 207,700
\$ 365,100 . . . . .	\$ 96,770.00 plus 35% — \$ 365,100

## AEIC ANNUAL TABLE

### (ADVANCED EARNED INCOME CREDIT)

Available only to eligible employees filing Form W-5.

### SINGLE or HEAD OF HOUSEHOLD

If the amount of wages (before deducting withholding allowance) is: The amount of payment to be made shall be:

Over— But not over—	
\$ 0 — \$ 8,580 . . . . .	20.40% of wages
\$ 8,580 — \$ 15,740 . . . . .	\$ 1,750
\$ 15,740 — \$ 33,991 . . . . .	\$ 1,750 less 9.588% of wages in excess of \$15,740
\$ 33,991 . . . . .	\$0

### MARRIED Without Spouse Filing Certificate

If the amount of wages (before deducting withholding allowance) is: The amount of payment to be made shall be:

Over— But not over—	
\$ 0 — \$ 8,580 . . . . .	20.40% of wages
\$ 8,580 — \$ 18,740 . . . . .	\$ 1,750
\$ 18,740 — \$ 36,991 . . . . .	\$ 1,750 less 9.588% of wages in excess of \$18,740
\$ 36,991 . . . . .	\$0

### MARRIED With Both Spouses Filing Certificate

If the amount of wages (before deducting withholding allowance) is: The amount of payment to be made shall be:

Over— But not over—	
\$ 0 — \$ 4,290 . . . . .	20.40% of wages
\$ 4,290 — \$ 9,370 . . . . .	\$ 875
\$ 9,370 — \$ 18,495 . . . . .	\$ 875 less 9.588% of wages in excess of \$9,370
\$ 18,495 . . . . .	\$0

## SALARY REDUCTIONS

Salary reductions which reduce taxable earnings include Employee contributions to:

Deferred Tax Sheltered Annuity (403b/TSA)	Deferred Compensation (457b)
Section 125 Plan benefits	Employee portion of STRS/PERS, if under pick-up
Alternative Retirement Plans	

**TABLE "B"**

## STATE ANNUAL TAX RATES

Rates apply to *annual taxable earnings\** (annual gross earnings less salary reductions) as follows.

- a) \$0 tax if annual taxable earnings are equal to or less than \$11,630 if SINGLE or MARRIED — 0 or 1 exemption \$23,259 if UNMARRIED HEAD of HOUSEHOLD or MARRIED—2 or more exemptions
- b) Apply rate to annual taxable earnings less standard deduction and less \$1,000 for each Estimated Deduction\*\* Allowance

Standard deduction	
MARRIED — 0 or 1 exemption	\$3,516
2 or more exemptions	\$7,032
SINGLE —	\$3,516
UNMARRIED HEAD of HOUSEHOLD —	\$7,032

### SINGLE, MARRIED WITH DUAL INCOME, or MARRIED WITH MULTIPLE EMPLOYERS

If the taxable income is:

Over— But not over—	Computed tax is:	Of amount over—
\$ 0 — \$ 6,827 . . . . .	\$ 0.00 plus 1%	— \$ 0
\$ 6,827 — \$ 16,185 . . . . .	\$ 68.27 plus 2%	— \$ 6,827
\$ 16,185 — \$ 25,544 . . . . .	\$ 255.43 plus 4%	— \$ 16,185
\$ 25,544 — \$ 35,460 . . . . .	\$ 629.79 plus 6%	— \$ 25,544
\$ 35,460 — \$ 44,814 . . . . .	\$ 1,224.75 plus 8%	— \$ 35,460
\$ 44,814 — \$ 999,999 . . . . .	\$ 1,973.07 plus 9.3%	— \$ 44,814
\$ 999,999 and over . . . . .	\$ 90,805.28 plus 10.3%	— \$ 999,999

### MARRIED person —

If the taxable income is:

Over— But not over—	Computed tax is:	Of amount over—
\$ 0 — \$ 13,654 . . . . .	\$ 0.00 plus 1%	— \$ 0
\$ 13,654 — \$ 32,370 . . . . .	\$ 136.54 plus 2%	— \$ 13,654
\$ 32,370 — \$ 51,088 . . . . .	\$ 510.86 plus 4%	— \$ 32,370
\$ 51,088 — \$ 70,920 . . . . .	\$ 1,259.58 plus 6%	— \$ 51,088
\$ 70,920 — \$ 89,628 . . . . .	\$ 2,449.50 plus 8%	— \$ 70,920
\$ 89,628 — \$ 999,999 . . . . .	\$ 3,946.14 plus 9.3%	— \$ 89,628
\$ 999,999 and over . . . . .	\$ 88,610.64 plus 10.3%	— \$ 999,999

### UNMARRIED HEAD OF HOUSEHOLD—

If the taxable income is:

Over— But not over—	Computed tax is:	Of amount over—
\$ 0 — \$ 13,662 . . . . .	\$ 0.00 plus 1%	— \$ 0
\$ 13,662 — \$ 32,370 . . . . .	\$ 136.62 plus 2%	— \$ 13,662
\$ 32,370 — \$ 41,728 . . . . .	\$ 510.78 plus 4%	— \$ 32,370
\$ 41,728 — \$ 51,643 . . . . .	\$ 885.10 plus 6%	— \$ 41,728
\$ 51,643 — \$ 61,000 . . . . .	\$ 1,480.00 plus 8%	— \$ 51,643
\$ 61,000 — \$ 999,999 . . . . .	\$ 2,228.56 plus 9.3%	— \$ 61,000
\$ 999,999 and over . . . . .	\$ 89,555.47 plus 10.3%	— \$ 999,999

- c) Reduce result of b) by personal allowance tax credit to arrive at annual tax:

Personal allowance credit*** for Single, Married, and Head of Household	
0 Allowance —	\$0
1 or More Allowances —	\$94 for each allowance

## OTHER EMPLOYEE RATES

Social Security Rate—Not including Medicare	6.2 percent
Medicare Rate	1.45 percent
Social Security maximum wage base	\$102,000.00
Medicare maximum wage base	No limit
Maximum Social Security contribution	\$6,324.00
Maximum Medicare contribution	No limit
Annual withholding allowance—Federal	\$3,500.00
CA Disability Insurance (SDI & FTDI)	0.8 percent
SDI maximum wage base	\$86,698.00
STRS	8 percent
PERS†	7 percent
Standard Mileage Rate	50.5 cents per mile
Federal Supplemental Tax Rate	25 percent
State Supplemental Tax Rate	6 percent

\* See reverse side for calculation of annual taxable earnings.

\*\* **Estimated deductions** are *not* the same as the personal allowances on Form DE-4, California "Employee's Withholding Allowance Certificate." Apply personal allowances credit only in step (c) of the computation.

\*\*\* Credit is for personal allowances only; exclude estimated deduction allowances.

† L.A. County Office of Education Employees only @ 8%. If in Social Security, monthly wages less \$133.33 times 8%.

(over)

## Tax Withholding—General Calculation Procedures

The following is provided as a general explanation of how tax withholding is calculated for a basic **payment situation**.

An employee is being paid for the prime job only and for one pay period only, and the payment is made on the employee's prime cycle.

Step 1: Determine *gross earnings* for pay period.

Step 2: Determine *salary reductions* for pay period.

Step 3: Subtract *salary reductions* from *gross earnings*. This result equals *period taxable earnings*.

Step 4: Multiply *period taxable earnings* by the calendar number of months (10, 11 or 12) of the job. The result equals federal/state *annual gross earnings*.

Step 5: Calculate *annual* taxes from Step 4 using Tax Tables A and B. See reverse side.

Step 6: Divide Step 5 *annual* taxes by pay calendar months to arrive at taxes withheld for the pay period.

### **IMPORTANT:**

The calculation process **above** is a very basic example. More complex situations include:

- Earnings for more than one assignment
- Payments involving different pay periods or different calendars
- Supplemental pay
- Payments on cycles other than the prime cycle
- Payments involving adjustments
- Payments using the flat tax rate option for additional earnings