



January 5, 2022

TO: Business, Payroll, and Personnel Administrators
HRS and HCM District Coordinators
Los Angeles County School and Community College Districts
Charter Schools and Other Local Educational Agencies

FROM: Raymond Bribiesca, Payroll Systems Coordinator
District Personnel Information Services
Division of School Financial Services

SUBJECT: Year 2022 Income Tax Updates

This bulletin provides school districts and local educational agencies (LEAs) with updated information pertaining to federal and state income tax rates for calendar year 2022.

Federal and state tax withholding rates have been updated for 2022 in both the Human Resource System (HRS) and Human Capital Management (HCM) systems.

Income Taxes

The attached federal and state income tax withholding chart is effective for all payrolls issued on or after January 1, 2022. The tax chart is also available online at <https://www.lacoe.edu/payroll>.

This bulletin includes:

- Updated Tax Withholding Rates
- Resources/links to federal and state forms
- Sample Notice to Employees

Social Security/OASDI and Medicare

Social Security/OASDI: The employee rate for 2022 remains unchanged at 6.2 percent. The employer rate is also 6.2 percent. The maximum wages subject to Social Security/OASDI in 2022 has increased to \$147,000 for employees and employers.

Medicare: There is no wage base limit for either employee or employer. Employee rates on wages up to \$200,000 and employer rates remain unchanged at 1.45 percent. The Additional Medicare Tax initiated in 2013 requires that employers withhold an additional 0.9 percent on wages paid to

employees in excess of \$200,000. This additional tax must be withheld in the pay period in which wages are paid in excess of \$200,000. There is no employer portion of Additional Medicare Tax.

California State DE 4 Employee Withholding

Due to the new withholding structure of the 2020 IRS Form W-4, employees must now file a California State Form DE 4 any time an IRS Form W-4 change is made. The State Franchise Tax Board does not require a copy of this form for exempt employees. As of this publication date, Form DE 4 has not been updated for 2022.

IRS Form W-4 “Exempt from Withholding”

Employees claiming exemption from tax withholding must meet the requirements outlined on the IRS Form W-4 (Employee’s Withholding Certificate) for this exclusion. The 2021 W-4 exemption expires on February 16, 2022. A new IRS Form W-4 must be received by the employer in order for the employee to continue with this exemption for 2022.

Employees should be advised that the district must apply the tax withholding status of “Single/Standard Withholding” until a current and valid IRS Form W-4 is received. To claim exempt on the 2022 Form W-4, employees must complete “Step 1” (personal information) and write the word “EXEMPT” in the space below box 4C. The form must be signed and dated to be valid. A California State Form DE 4 should also be collected from employees submitting as exempt.

Resources for Employees

A 2022 IRS Form W-4 is required for anyone hired after January 1, 2022, claiming exempt, or wishing to update or change their withholding. Employees who submitted a Form W-4 before 2021 are not required to submit a new form if they have no changes to their withholding allowances.

Because the new W-4 format is so different, employees may request assistance in completing the form. We strongly advise districts not to provide tax guidance, instead employees should be advised to explore other available resources, such as professional tax services or the IRS Tax Withholding Estimator. The IRS recommends all taxpayers use their Tax Withholding Estimator to perform a “paycheck checkup.” This will help employees ensure they have the right amount of tax withheld from their paycheck. There is a link provided for the IRS estimator in the “Resource” section of this document.

Supplemental Wage Payment Taxation – HRS and HCM

HRS: The aggregate tax method is approved by the Internal Revenue Services (IRS) for tax withholding calculations on each supplemental wage payment unless the district has authorized

the special flat-tax withholding rates. IRS Publication 15-T (Federal Income Tax Withholding Methods) contains additional information. Aggregate taxes are calculated as follows in HRS:

1. The last prime cycle taxable wages and all separate payments in the period, such as additional pay, overtime, and extra assignments, are combined with the current supplemental payments as one wage amount.
2. A tax is calculated on this combined total of wages.
3. The taxes actually withheld on each of the previous payments are then subtracted from the total tax calculation in (2); and
4. The result of the calculation in (3) is the tax amount to be withheld on the current supplemental payment.

As an option to the aggregate method, the IRS provides for the use of a flat-tax option. The 2022 flat-tax withholding rate for federal (22 percent) and state (6.6 percent) is available for use in HRS.

HCM: Supplemental payments in HCM will generally aggregate back to the last payroll and be taxed at the appropriate marginal rate. Payments meeting the IRS definition of supplemental wages (such as bonuses) shall be subject to a flat-tax, federal (22 percent) and state (6.6 percent).

Resources

2022 IRS Form W-4

<https://www.irs.gov/pub/irs-pdf/fw4.pdf>

IRS Tax Withholding Estimator

<https://www.irs.gov/individuals/tax-withholding-estimator>

<https://www.irs.gov/paycheck-checkup>

IRS Publication 15-T – Federal Income Tax Reporting Methods 2022

<https://www.irs.gov/pub/irs-prior/p15t--2022.pdf>

California Employee's Withholding Allowance Certificate - DE 4 Rev. 49 (2-20)

https://www.edd.ca.gov/pdf/pub_ctr/de4.pdf

Sample Notice to Employees

A sample information notice is included for annual district communication to employees. Each employer can modify or change the content to suit their needs.

If you have any questions regarding this bulletin, please contact the payroll team at SFS_Payroll_Manager@laoe.edu.

Approved:

Sean Lewis, Assistant Director
School Financial Systems and Services
Division of School Financial Services

RB:sm

Attachments

SFS-A27-2021-2022

YEAR 2022 TAX RATES

and Other Employee Deductions

FEDERAL ANNUAL TAX RATES

2022 Percentage Method Tables

STANDARD Withholding Rate Schedules (Use these if the Form W-4 is from 2019 or earlier, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is <u>NOT</u> checked.)				
If the Adjusted Annual Wage Amount is		The tentative amount to withhold is...		
At least...	But less than...	of the amount that exceeds		
A	B	C	D	E
Married Filing Jointly				
\$0	\$13,000	\$0.00	plus 0%	\$0
\$13,000	\$33,550	\$0.00	plus 10%	\$13,000
\$33,550	\$96,550	\$2,055.00	plus 12%	\$33,550
\$96,550	\$191,150	\$9,615.00	plus 22%	\$96,550
\$191,150	\$353,100	\$30,427.00	plus 24%	\$191,150
\$353,100	\$444,900	\$69,295.00	plus 32%	\$353,100
\$444,900	\$660,850	\$98,671.00	plus 35%	\$444,900
\$660,850		\$174,253.50	plus 37%	\$660,850
Single or Married Filing Separately				
\$0	\$4,350	\$0.00	plus 0%	\$0
\$4,350	\$14,625	\$0.00	plus 10%	\$4,350
\$14,625	\$46,125	\$1,027.50	plus 12%	\$14,625
\$46,125	\$93,425	\$4,807.50	plus 22%	\$46,125
\$93,425	\$174,400	\$15,213.50	plus 24%	\$93,425
\$174,400	\$220,300	\$34,647.50	plus 32%	\$174,400
\$220,300	\$544,250	\$49,335.50	plus 35%	\$220,300
\$544,250		\$162,718.00	plus 37%	\$544,250
Head of Household				
\$0	\$10,800	\$0.00	plus 0%	\$0
\$10,800	\$25,450	\$0.00	plus 10%	\$10,800
\$25,450	\$66,700	\$1,465.00	plus 12%	\$25,450
\$66,700	\$99,850	\$6,415.00	plus 22%	\$66,700
\$99,850	\$180,850	\$13,708.00	plus 24%	\$99,850
\$180,850	\$226,750	\$33,148.00	plus 32%	\$180,850
\$226,750	\$550,700	\$47,836.00	plus 35%	\$226,750
\$550,700		\$161,218.50	plus 37%	\$550,700

MULTIPLE JOB Withholding Rate Schedules (Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 <u>IS</u> checked.)				
If the Adjusted Annual Wage Amount is		The tentative amount to withhold is...		
At least...	But less than...	of the amount that exceeds		
A	B	C	D	E
Married Filing Jointly				
\$0	\$12,950	\$0.00	plus 0%	\$0
\$12,950	\$23,225	\$0.00	plus 10%	\$12,950
\$23,225	\$54,725	\$1,027.50	plus 12%	\$23,225
\$54,725	\$102,025	\$4,807.50	plus 22%	\$54,725
\$102,025	\$183,000	\$15,213.50	plus 24%	\$102,025
\$183,000	\$228,900	\$34,647.50	plus 32%	\$183,000
\$228,900	\$336,875	\$49,335.50	plus 35%	\$228,900
\$336,875		\$87,126.75	plus 37%	\$336,875
Single or Married Filing Separately				
\$0	\$6,475	\$0.00	plus 0%	\$0
\$6,475	\$11,613	\$0.00	plus 10%	\$6,475
\$11,613	\$27,363	\$513.75	plus 12%	\$11,613
\$27,363	\$51,013	\$2,403.75	plus 22%	\$27,363
\$51,013	\$91,500	\$7,606.75	plus 24%	\$51,013
\$91,500	\$114,450	\$17,323.75	plus 32%	\$91,500
\$114,450	\$276,425	\$24,667.75	plus 35%	\$114,450
\$276,425		\$81,359.00	plus 37%	\$276,425
Head of Household				
\$0	\$9,700	\$0.00	plus 0%	\$0
\$9,700	\$17,025	\$0.00	plus 10%	\$9,700
\$17,025	\$37,650	\$732.50	plus 12%	\$17,025
\$37,650	\$54,225	\$3,207.50	plus 22%	\$37,650
\$54,225	\$94,725	\$6,854.00	plus 24%	\$54,225
\$94,725	\$117,675	\$16,574.00	plus 32%	\$94,725
\$117,675	\$279,650	\$23,918.00	plus 35%	\$117,675
\$279,650		\$80,609.25	plus 37%	\$279,650

The IRS encourages everyone to use their Tax Withholding Estimator located at <https://www.irs.gov/individuals/tax-withholding-estimator>. The tables above will be utilized in the estimator after January 1, 2022.

OVER FOR CALIFORNIA STATE ANNUAL TAX RATES AND OTHER RATES

CALIFORNIA 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
\$15,916 if SINGLE or MARRIED — 0 or 1 exemption
\$31,831 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 | \$4,803 |
| 2 or more exemptions | \$9,606 |
| SINGLE — | \$4,803 |
| UNMARRIED HEAD of HOUSEHOLD — | \$9,606 |
- c) Personal allowance credit for Single, Married, and Head of Household
- | | |
|------------------------|-----------------------------|
| 0 Allowance — | \$0 |
| 1 or More Allowances — | \$141.90 for each allowance |

**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 —	\$ 9,325 . .	\$ 0.00 plus 1.10% —	\$ 0
\$ 9,325 —	\$ 22,107 . .	\$ 102.58 plus 2.20% —	\$ 9,325
\$ 22,107 —	\$ 34,892 . .	\$ 383.78 plus 4.40% —	\$ 22,107
\$ 34,892 —	\$ 48,435 . .	\$ 946.32 plus 6.60% —	\$ 34,892
\$ 48,435 —	\$ 61,214 . .	\$ 1,840.16 plus 8.80% —	\$ 48,435
\$ 61,214 —	\$ 312,686 . .	\$ 2,964.71 plus 10.23% —	\$ 61,214
\$ 312,686 —	\$ 375,221 . .	\$ 28,690.30 plus 11.33% —	\$ 312,686
\$ 375,221 —	\$ 625,369 . .	\$ 35,775.52 plus 12.43% —	\$ 375,221
\$ 625,369 —	\$ 1,000,000 . .	\$ 66,868.92 plus 13.53% —	\$ 625,369
\$ 1,000,000 and over		\$ 117,556.49 plus 14.63% —	\$ 1,000,000

MARRIED person —

If the taxable income is:

Over—	But not over—	Computed tax is:	Or amount over—
\$ 0 — \$	18,650..	\$ 0.00 plus 1.10% — \$	0
\$ 18,650 — \$	44,214..	\$ 205.15 plus 2.20% — \$	18,650
\$ 44,214 — \$	69,784..	\$ 767.56 plus 4.40% — \$	44,214
\$ 69,784 — \$	96,870..	\$ 1,892.64 plus 6.60% — \$	69,784
\$ 96,870 — \$	122,428..	\$ 3,680.32 plus 8.80% — \$	96,870
\$ 122,428 — \$	625,372..	\$ 5,929.42 plus 10.23% — \$	122,428
\$ 625,372 — \$	750,442..	\$ 57,380.59 plus 11.33% — \$	625,372
\$ 750,442 — \$	1,000,000..	\$ 71,551.02 plus 12.43% — \$	750,442
\$1,000,000 — \$	1,250,738..	\$102,571.08 plus 13.53% — \$	1,000,000
\$1,250,738 and over..		\$136,495.93 plus 14.63% — \$	1,250,738

UNMARRIED/HEAD OF HOUSEHOLD—

If the taxable income is:

Over—	But not over—	Computed tax is:	Or amount over—
\$ 0 — \$	18,663 . .	\$ 0.00 plus 1.10% — \$	0
\$ 18,663 — \$	44,217 . .	\$ 205.29 plus 2.20% — \$	18,663
\$ 44,217 — \$	56,999 . .	\$ 767.48 plus 4.40% — \$	44,217
\$ 56,999 — \$	70,542 . .	\$ 1,329.89 plus 6.60% — \$	56,999
\$ 70,542 — \$	83,324 . .	\$ 2,223.73 plus 8.80% — \$	70,542
\$ 83,324 — \$	425,251 . .	\$ 3,348.55 plus 10.23% — \$	83,324
\$ 425,251 — \$	510,303 . .	\$ 38,327.68 plus 11.33% — \$	425,251
\$ 510,303 — \$	850,503 . .	\$ 47,964.07 plus 12.43% — \$	510,303
\$ 850,503 — \$	1,000,000 . .	\$ 90,250.93 plus 13.53% — \$	850,503
\$1,000,000 and over		\$110,477.87 plus 14.63% — \$1,000,000	

For detailed information on how to calculate your California State Withholding, review the EDD's "California Withholding Schedules for 2022 (Method B – Exact Calculation Method)" publication located at https://www.edd.ca.gov/pdf/pub_ctr/22methb.pdf.

SALARY REDUCTIONS

Salary reductions which reduce taxable earnings include Employee contributions to:

Deferred Tax Sheltered Annuity (403b/TSA)	Deferred Compensation (457b)
Employee portion of CalSTRS/CalPERS	Section 125 Plan benefits
Alternative Retirement Plans	

Elective deferrals for 403b and 457b plans have an annual limit of \$20,500 for 2022. Catch-up contributions apply in some circumstances.

OTHER RATES

OASDI Tax Rate— <i>Employee and Employer</i> (<i>Not including Medicare</i>)	6.2 percent
OASDI maximum wage base— <i>Employee and Employer</i>	\$147,000.00
Maximum OASDI contribution— <i>Employee and Employer</i>	\$9,114.00
Medicare Tax Rate	1.45 percent
Additional Medicare Tax— <i>Employee wages over \$200,000</i>	0.90 percent
Medicare maximum wage base	No limit
Medicare maximum contribution	No limit
School Employees Fund SUI Rate (FY21-22)	0.50 percent
CA Disability Insurance (SDI)	1.10 percent
SDI maximum wage base	\$145,600.00
CalSTRS/CalPERS	See employer
IRS Standard Mileage Rate (1-1-22)	58.5 cents per mile
Federal Supplemental Tax Rate	22 percent
State Supplemental Tax Rate	6.6 percent
State Minimum Wage— <i>More than 26 Employees</i>	\$15.00/hr.

(SAMPLE) NOTICE TO EMPLOYEES

Date

TO: Employees

FROM: (District Administrator)

SUBJECT: Year 2022 Income Tax Changes and Withholding
Information Effective January 1, 2022

Federal and State Income Tax Withholding

Updated tax changes have been implemented for payrolls **issuing** on and after January 1, 2022. Federal and state income tax withholding brackets have been revised and are included with this notice.

Employee Social Security/OASDI and Medicare

The Social Security/OASDI employee rate for 2022 remains unchanged at 6.2 percent, however the maximum subject wages have increased. 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 Year Comparison	Year 2021	Year 2022
Social Security/OASDI Rate	6.2 percent	6.2 percent
Medicare Rate	1.45 percent	1.45 percent
Social Security Maximum Wage Base	\$142,800	\$147,000
Medicare Maximum Wage Base	no limit	no limit
Maximum Medicare Contribution (1.45%)	no limit	no limit

Federal Withholding – IRS Form W-4

IRS 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 2022 Form W-4, “Employee’s Withholding Certificate”*.

Federal Exempt from Withholding

If you claimed exempt from withholding tax in 2021 and wish to continue in 2022, you must complete a new *IRS 2022 Form W-4* no later than February 15, 2022. 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

All 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 regarding this information, please [insert district procedure].