



# Client Alert

WEST RHODE & ROBERTS

## PUBLICATION

## FOR EMPLOYERS

FEBRUARY 2004

### 2004 Employment Tax Rates and Limitations

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<b>EMPLOYERS</b>			
<b>Social Security - FICA (OASDI)</b>		<b>Maximum elective 401(k) deferral</b>	\$ 13,000
Maximum taxable wage	\$ 87,900		
Withholding rate:		<b>Employment Training Tax</b>	
Employee	6.2%	Maximum taxable wage	\$ 7,000
Employer	6.2%	Rate	0.1%
Maximum to be withheld	\$ 5,449.80	Maximum contribution (per employee)	\$ 7.00
<b>Medicare - FICA (HI)</b>		<b>State Disability - SDI</b>	
Maximum taxable wage	No limit	(Employee contribution)	
Withholding rate:		Maximum taxable wage	\$ 68,829
Employee	1.45%	Rate	1.18%
Employer	1.45%	Maximum to be withheld	\$ 812.18
Maximum to be withheld	No limit		
<b>Federal Unemployment Insurance</b>		<b>State Unemployment Insurance</b>	
Maximum taxable wage	\$ 7,000	Maximum taxable wage	\$ 7,000
FUTA rate (decreased by a credit of		Rate (first 3 years then EDD will issue	
5.4% for payments to State		a rate on form 2088)	3.4%
Unemployment Fund)	0.8%	Maximum contribution (per employee)	
Maximum contribution	\$ 56	at 3.4% rate	\$ 238
<b>SELF-EMPLOYED</b>			
<b>Self-Employment Medicare</b>		<b>Self-Employment Tax</b>	
Maximum taxable wage	No limit	Maximum taxable earnings	\$ 87,900
Rate	2.9%	Rate	12.4%
Maximum to be paid	No limit	Maximum to be paid	\$ 10,899.60

### NOTE:

The IRS will assess a penalty for failure to deposit social security taxes, withheld income taxes and federal unemployment taxes as required under the federal tax depository system. The penalty, which can be as low as 2%

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or as high as 15%, is determined under a four-tiered structure that varies with the timing of when the deposit is actually made. Please contact us if you have any questions about your particular deposit requirements.