



# Client Alert

A *WEST* RHODE & ROBERTS

## PUBLICATION

### 2007 Employment Tax Rates and Limitations

#### EMPLOYERS

|   |              |   |              |
|---|--------------|---|--------------|
| <b>Social Security - FICA (OASDI)</b>   |              | <b>Maximum elective 401(k) deferral</b>                         | \$ 15,500.00 |
| Maximum taxable wage  | \$ 97,500.00 | Maximum deferral for over 55                                    | \$ 20,500.00 |
| Withholding rate:   |              | <b>Employment Training Tax</b>                                  |              |
| Employee  | 6.20%        | Maximum taxable wage  | \$ 7,000.00  |
| Employer  | 6.20%        | Rate  | 0.10%        |
| Maximum to be withheld  | \$6,045.00   | 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  | \$ 83,389.00 |
| Employee  | 1.45%        | Rate  | 0.60%        |
| Employer  | 1.45%        | Maximum to be withheld  | \$ 500.33    |
| Maximum to be withheld  | No limit     |   |              |
| <b>Federal Unemployment Insurance</b>   |              | <b>State Unemployment Insurance</b>                             |              |
| Maximum taxable wage  | \$ 7,000.00  | Maximum taxable wage  | \$ 7,000.00  |
| FUTA rate (decreased by a credit of<br>5.4% for payments to State<br>Unemployment Fund) |              | Rate (first 3 years then EDD will issue<br>a rate on Form 2088) | 3.40%        |
|   | 0.80%        | Maximum contribution (per employee)<br>at 3.4% rate             | \$ 238.00    |
| Maximum contribution  | \$ 56.00     |   |              |

#### SELF-EMPLOYED

|                                 |          |                            |              |
|---------------------------------|----------|----------------------------|--------------|
| <b>Self-Employment Medicare</b> |          | <b>Self-Employment Tax</b> |              |
| Maximum taxable wage            | No limit | Maximum taxable earnings   | \$ 97,500.00 |
| Rate                            | 2.90%    | Rate                       | 12.40%       |
| Maximum to be paid              | No limit | Maximum to be paid         | \$ 12,090.00 |

#### 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% 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.

This is a publication of *WEST RHODE & ROBERTS* CPAs. It is intended to provide general information only. For more detailed information or professional assistance, please contact us at **3104 FOURTH AVENUE, SAN DIEGO, CALIFORNIA 92103, TELEPHONE (619) 615-5380, FAX (619) 615-5389.**