



LOS ANGELES UNIFIED SCHOOL DISTRICT

POLICY BULLETIN

TITLE: Payroll Tax Withholdings and Disability Insurance Rates

NUMBER: BUL-121904.1

ISSUER: David D. Hart, Chief Business Officer
Office of the Chief Business Officer

Joy Mayor, Controller
Accounting and Disbursements Division

ROUTING
All Schools and Offices

DATE: February 27, 2023

POLICY: To provide employees with information regarding required payroll tax withholdings for Federal Income Tax, State Income Tax, Social Security Medicare Tax and State Disability Insurance Rate for calendar year 2023.

MAJOR CHANGES: This bulletin replaces Bulletin 121904 Payroll Tax Withholdings and Disability Insurance. This provides guidelines and resources where employees can see the changes in the withholding tables and rate changes for the 2023 calendar year applicable to the employee's eligibility and filing statuses.

GUIDELINES: The following guidelines apply.

Employers are mandated to deduct federal and state tax withholdings from employees based on the employee's federal withholding allowance certificates and employee's taxable income. Tax withholding tables are updated annually and taxes are calculated using the Internal Revenue Service (IRS) and the California Employment Development Department (EDD) withholding tables for Semi-monthly and Monthly payroll. Additionally, Social Security and Medicare taxes are deducted if applicable, based on the current filing year's rates and limits. The State Disability Insurance (SDI) is a deduction that has annual withholding rates, wage limits and is dependent on an employee's bargaining unit.

I. FEDERAL TAX WITHHOLDING

The Internal Revenue Service (IRS) revised the W-4 form Employee's Federal Withholding Allowance Certificate in 2021 to comply with the income tax withholding requirements in the Tax Cuts and Jobs Act (TCJA Public Law 115-97). Due to changes in law, personal and dependent exemptions are no longer used. For more information on Form W-4, see IRS Publication 15-T at <https://www.irs.gov/forms-pubs/about-publication-15-t>



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Form W-4 Employee's Withholding Certificate can be obtained at <https://www.irs.gov/pub/irs-pdf/fw4.pdf>

The Federal Income Tax withholding tables are revised effective January 1, 2023. For the Federal Income Tax tables in effect for calendar year 2023, visit the Internal Revenue Service at https://www.irs.gov/publications/p15t#en_US_2019_publink100020274

II. STATE TAX WITHHOLDING

Form DE-4 Employee's Withholding Allowance Certificate can be obtained at http://www.edd.ca.gov/pdf_pub_ctr/de4.pdf

The State Income Tax withholding tables are revised effective January 1, 2023. For the State Income Tax tables in effect for calendar year 2023, visit the California Employment Development Department, Withholding Schedules for 2023 - Method A at https://edd.ca.gov/siteassets/files/pdf_pub_ctr/23metha.pdf

III. CHANGES TO FEDERAL AND STATE TAX WITHHOLDINGS

Effective April 1, 2021, employees who wish to increase or decrease the amount of Federal Income Tax or State Income Tax withholdings can make the changes online at <https://ess.lausd.net>. Instructions on how to view/update withholdings for Form W-4 and or DE-4 via Employee Self-Service is available at the Payroll Administration website, LAUSD MyPay.

If claiming an exempt status, 2023 Form W-4 and/or DE-4 must be completed and can be downloaded from the Payroll Administration website, W2/Tax Info. Submit completed Form W-4 to Payroll Administration Branch via US mail. Generally, a Form W-4 and or DE-4 received by the Payroll Administration Branch on or before the 10th of the month will be effective for the next payday.

Failure to complete Form W- 4 and/or DE-4 accurately may result in over-withholding or under-withholding of taxes from salary payments. Any excess withholding due to an inaccurate W-4 and/or DE-4 cannot be refunded by the District.



IV. SOCIAL SECURITY AND MEDICARE

The maximum wages subject to Social Security/OASDI (Old Age, Survivors and Disability Insurance) in 2023 is \$160,200.00 for both employees and employers. The employee and employer rate for 2023 is 6.2%. The maximum employee tax withholding and employer tax are each \$9,932.40.

The employee and employer rates for Medicare remain unchanged at 1.45%. There is no maximum wage cap for either employee withholding or employer tax.

Additional Medicare Tax: Wages paid to employees in excess of \$200,000 require an additional tax withholding of 0.9%. This additional tax withholding is applied after wages paid for the calendar year exceed \$200,000.

V. STATE DISABILITY INSURANCE

The collective bargaining agreements for Unit B (Instructional Aides), Unit C (Operation/Support Services), Unit D (Office – Technical and Business Services), Unit E (Skilled Crafts), Unit F (Teacher Assistants), and Unit G (Playground Aides) provide for unit members to pay for State Disability Insurance coverage through Payroll deduction. Eligible employees in Unit S (Classified Supervisors) also pay for this coverage.

As mandated by the State and effective with salary payments made on or after January 1, 2023, the SDI rate is 0.9 %, paid by the employee up to a maximum amount of \$1,378.48. This rate is applied to all subject wages up to maximum gross earnings of \$153,164.00 for the 2023 calendar year.

Visit the following for the rate and additional information on SDI.
https://edd.ca.gov/en/Payroll_Taxes/Rates_and_Withholding

AUTHORITY:

Internal Revenue Service
California Employment Development Department

ASSISTANCE:

For additional information regarding tax rates, please contact the Internal Revenue Service, your Local Franchise Tax Board Office, the State Disability Office or your tax advisor. The Payroll Administration staff is not authorized to provide tax advice.