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## **GEMINI PAYROLL**

### **CALIFORNIA STATE TAXES UPDATE - CY 2017 (ETT, SDI, SITW, SUTA/UI)**

#### **NOTE REGARDING THE SOURCE OF PAYROLL TAX INFORMATION**

Builder Incubator will make every effort to insure the information we provide is current and accurate. The source of information (the website and the document name) is included for your convenience. The governing body (both State and Federal) will occasionally relocate a source document; therefore the website link may no longer work. It is generally best to look up via document name.

#### **CAUTION NOTICES**

In the course of developing these support documents, if we conclude the details provided by the governmental body may be in error, we will include a CAUTION NOTICE in RED text to bring it to your attention.

**All employers will soon be required to electronically submit employment tax returns, wage reports, and payroll tax deposits to the Employment Development Department.**

**Beginning January 1, 2017, employers with 10 or more employees will be required to electronically file and pay.**

**Beginning January 1, 2018, all remaining employers will be required to electronically file and pay.**

**For more information, visit E-file and E-pay Mandate for Employers - [http://www.edd.ca.gov/Payroll\\_Taxes/E-file\\_and\\_E-pay\\_Mandate\\_for\\_Employers.htm](http://www.edd.ca.gov/Payroll_Taxes/E-file_and_E-pay_Mandate_for_Employers.htm)**

This is an update to the California State Income Tax Withholding (**CASITW**), State Disability Insurance (**CASDI**), Employment Training Tax (**CAETT**), and/or State Unemployment Insurance Tax (**CASUTA**) deduction(s). If you are an employer required to collect California taxes, you may need one or more of the above deductions if they are not presently in your system. Our CA SIT deduction is based on the **Exact Calculation Method B** deduction specification authorized by the annual *California Employer's Guide* (CA publication DE 44) and every effort has been made to insure the information is correct. However, the end user is responsible for obtaining the proper state tax documents and verifying that the information herein is correct. Tax rate information within his document should be updated **AFTER** you close your December 2016 accounting period.

1. If you are adding/setting up one or more of the California tax deductions referred to in this document for the first time, they are available on the Builder Incubator website, <http://builderincubator.com/support/fed-state-tax-tables.htm>. Select and download the required CA tax deduction documents as desired. Calendar Year updates are added annually; deduction documents change less frequently; check the **Date – Status** column for currency.
2. **CALIFORNIA STATE INCOME TAX WITHHOLDING TABLES:** Select **PR | Payroll Setup | Tax Tables** and either select **Add** (see 1, above, if you are adding the CA State Tax Withholding deduction to your system) or, if the CASITW deduction already exists, highlight it, select **Change** (if you are simply updating existing tax tables), and enter the state tax table data as indicated below. If you are changing existing tables and have different table names, please be sure to select the correct table to change. Changed data is shown in **Bold** text.

CALIFORNIA WITHHOLDING TAX TABLES FOR CY 2017

(Table Name: CASITTH)

Description: CA State Income Tax Table – Head of Household

| Lower Limit         | Fixed Amount      | Variable Rate |
|---------------------|-------------------|---------------|
| 0.00                | 0.00              | 1.1000        |
| <b>16,040.00</b>    | <b>176.44</b>     | 2.2000        |
| <b>38,003.00</b>    | <b>659.63</b>     | 4.4000        |
| <b>48,990.00</b>    | <b>1,143.06</b>   | 6.6000        |
| <b>60,630.00</b>    | <b>1,911.30</b>   | 8.8000        |
| <b>71,615.00</b>    | <b>2,877.98</b>   | 10.2300       |
| <b>365,499.00</b>   | <b>32,942.31</b>  | 11.3300       |
| <b>438,599.00</b>   | <b>41,224.54</b>  | 12.4300       |
| <b>730,997.00</b>   | <b>77,569.61</b>  | 13.5300       |
| <b>1,000,000.00</b> | <b>113,965.72</b> | 14.6300       |

(Table Name: CASITTM)

Description: CA State Income Tax Table – Married

| Lower Limit         | Fixed Amount      | Variable Rate |
|---------------------|-------------------|---------------|
| 0.00                | 0.00              | 1.1000        |
| <b>16,030.00</b>    | <b>176.33</b>     | 2.2000        |
| <b>38,002.00</b>    | <b>659.71</b>     | 4.4000        |
| <b>59,978.00</b>    | <b>1,626.65</b>   | 6.6000        |
| <b>83,258.00</b>    | <b>3,163.13</b>   | 8.8000        |
| <b>105,224.00</b>   | <b>5,096.14</b>   | 10.2300       |
| <b>537,500.00</b>   | <b>49,317.97</b>  | 11.3300       |
| <b>644,998.00</b>   | <b>61,497.49</b>  | 12.4300       |
| <b>1,000,000.00</b> | <b>105,624.24</b> | 13.5300       |
| <b>1,074,996.00</b> | <b>115,771.20</b> | 14.6300       |

(Table Name: CASITTS)

Description: CA State Income Tax Table – Single

| Lower Limit      | Fixed Amount    | Variable Rate |
|------------------|-----------------|---------------|
| 0.00             | 0.00            | 1.1000        |
| <b>8,015.00</b>  | <b>88.17</b>    | 2.2000        |
| <b>19,001.00</b> | <b>329.86</b>   | 4.4000        |
| <b>29,989.00</b> | <b>813.33</b>   | 6.6000        |
| <b>41,629.00</b> | <b>1,581.57</b> | 8.8000        |
| <b>52,612.00</b> | <b>2,548.07</b> | 10.2300       |

|                     |                   |         |
|---------------------|-------------------|---------|
| <b>268,750.00</b>   | <b>24,658.99</b>  | 11.3300 |
| <b>322,499.00</b>   | <b>30,748.75</b>  | 12.4300 |
| <b>537,498.00</b>   | <b>57,473.13</b>  | 13.5300 |
| <b>1,000,000.00</b> | <b>120,049.65</b> | 14.6300 |

3. **CALIFORNIA EMPLOYEE SDI AND/OR EMPLOYER SUTA TAX RATE TABLE:** Select **PR | Payroll Setup | Tax Rates** and either select **Add** (if you are adding the CA Employer SUTA and/or Employee SDI deductions to your system) or, if the **CASUTA** and/or **CASDI (CA SUTA/CA SDI)** deduction(s) already exists, highlight it, select **Change** (if you are simply updating existing tax rates), and enter the updated SUTA and/or SDI tax rate information as indicated below. Changed data is shown in **Bold** text. Select **OK** and **Close** when finished. SUTA and SDI rate information was extracted from the CA online *Rates, Withholding Schedules, and Meals and Lodging Values* table. The maximum SDI amount to collect for each employee is \$998.12

| <b>Employee Rates</b> | <b>% Rate</b> | <b>Cutoff</b>     | <b>Employer Rates</b> | <b>% Rate</b>  | <b>Cutoff</b> |
|-----------------------|---------------|-------------------|-----------------------|----------------|---------------|
| SUTA:                 | 0.00          | 0.00              | SUTA:                 | See Note Below | 7,000.00      |
| SDI:                  | 0.900         | <b>110,902.00</b> | SDI:                  |                |               |
| ANNUAL:               |               | 0.00              |                       |                |               |

**NOTE:** Refer to your California form DE2088, *Notice of Contribution Rates and Statement of UI Reserve Account* for your company rates. Your current SUTA rate must be entered as a percent amount. If your DE2088 SUTA rate is stated as a percent, enter the percent amount directly. If it is stated as a rate, convert it to a percent amount before entering it (for example, a rate of .052 converts to 5.2 percent or \$5.20 for every \$100.00 of taxable pay).

4. **CALIFORNIA EMPLOYMENT TRAINING TAX (ETT):** If you are required to collect ETT, select **PR | Payroll Setup | Master Deductions** to display the **Payroll Master Deductions** window. Locate the **CAETT/CAETTR (CA Emp Trng Tax)** deduction and highlight it (if you can't find an ETT deduction, you may need to add it to your system—refer to paragraph 1, above). Select **Change** to display the ETT deduction and then select the **Formula** tab. The ETT rate was extracted from CA online *Rates, Withholding Schedules, and Meals and Lodging Values* table.

a. At the top of the Deduction Formula text window, locate and verify the following variables are as shown, below:

CAETTR = 0.100;  
MAXDEDN = 7.00;

b. Make changes if necessary and then select **OK** and **Close** to update and exit back to the main Gemini window.

5. Select **PR | Employee Maintenance:**

a. Select an employee and click on **Change**; the *Update Records* window should appear for the selected employee. At the bottom of the window, select **Deductions** to display the “*Deductions for...*” window.

b. Highlight **CASITW** (the CA State Income Tax Withholding deduction) and click on **Change**.

c. The employee's CASITW deduction window, which should be titled *Deduction will be Changed*, should appear.

(1) On the upper left side of the window, enter an AP vendor number in the Vendor Link field if desired. Please note that, if there is a vendor number in this field, it takes precedence over a vendor number already entered in the PR Master Deductions Vendor Link tab.

(2) The **Total Amt**, **Basis Amt**, and **Gross Amt** fields should all be zero assuming the December 2015 accounting period has been closed and no payroll has been posted in January 2016. Otherwise, the amounts should be equal to the payroll posted to date in CY 2016.

Update the following **Optional User Amounts** fields on the right hand side of the window as necessary from the employee's 2017 Form DE-4/W-4 and the CURRENT year California Withholding Schedule (**CAWS**) which you should have received from the CA Employment Development Department. The CAWS, [California Withholding Schedules - Method B \(DE 44\)](http://www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm), is available on the CA state government web site - [http://www.edd.ca.gov/Payroll\\_Taxes/Rates\\_and\\_Withholding.htm](http://www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm). (NOTE: The CAWS Method B is downloaded as a separate, stand-alone, ten page publication from the CA government website).

**Mar Status:** Verify/update the employee's *Marital Status* as necessary. You must use the numbers 1.00 – 4.00 as indicated below; any other number will always return a tax amount of zero.

- 1.00 – Married persons (only one spouse working)
- 2.00 – Single, dual-income married, or married person with multiple employers
- 3.00 – Head of Household
- 4.00 – Employee claims exemption from CA SIT withholding (Federal Form W-4 required)

**NOTE:** When this option is used, you must set up the rest of the Optional User Amount fields which follow, below, as though SIT were actually going to be deducted. The reason is that state BASIS and GROSS pay information must still be calculated and collected for employer and Federal Form W-2 reporting purposes.

**Low Inc Ex:** Use the employee's payroll period frequency and marital status to select and enter the appropriate Low Income Amount from the CURRENT year CAWS **Table 1 - Low Income Exemption Table**.

**Est Dedn:** Use the employee's additional withholding allowances and payroll frequency to enter the Additional Withholding Allowance Amount from CURRENT year CAWS **Table 2 - Estimated Deduction Table**.

**Std Dedn:** Use the employee's payroll frequency and marital status to select and enter the Standard Deduction Amount from CURRENT year CAWS **Table 3 - Standard Deduction Table**.

**Pers Ex Cr:** Use the employee's allowances and payroll frequency to select and enter the Standard Withholding Allowance Amount from CURRENT year CAWS **Table 4 - Exemption Allowance Table**.

**Addn'l Tax:** Enter any additional state income tax amount to be voluntarily withheld from line 2 of the employee's Form DE-4.

d. When finished, click on **OK** at the bottom of the screen to save the information and return to the "*Deductions for...*" window. Click on **Close** to get back to the "*Update records...*" screen. If you get a "**Deduction Sequence**" warning, select **No** to continue. Then select **OK** to update employee data; the system should return you to the window titled *Employee List*. Select and update the next employee's deductions list as necessary.