

The following information is provided courtesy of The Growers-Shipper Association of Central California:

2016 PAYROLL TAX AND OTHER FINANCIAL INFORMATION FOR EMPLOYERS

SOCIAL SECURITY AND MEDICARE

- FICA is a combination of Social Security and Medicare taxes.
- Employer and Employee rate for Social Security will stay the same at 6.2% on wages to \$118,500.
- Maximum Social Security withholding is \$7,347.00 for 2016

Both the employee and employer rate for Medicare is 1.45% on all wages. An additional employee Medicare tax for individuals making more than \$200,000 per year continues to be in effect for 2016. The employee Medicare tax rate will increase by .9% to 2.35%. The increased rate only applies to employee wages in excess of \$200,000.

There is no maximum Medicare withholding.

FEDERAL UNEMPLOYMENT TAX

The wage limit remains at \$7,000 and the NET tax rate with full state credits is 0.6% for 2015. California was a credit reduction state for 2015, requiring a credit reduction of 1.5 % to be paid on all 2015 FUTA wages by January 31, 2016. As a result of this credit reduction, California employers will pay a net FUTA tax rate of 2.1% for 2015. In addition, the U.S. Department of Labor has identified California as a state that may be subject to the Benefit Cost Rate "BCR" add-on tax which would add an additional 1.4% on subject wages. If California fails to pay its Federal Unemployment Trust Fund loan and is not granted a waiver, this additional tax will go into effect for 2015.

CALIFORNIA DISABILITY INSURANCE

State Disability Insurance (SDI) will remain .9% for 2016.
Ceiling wage for withholding SDI will change to \$106,742 for each employee.
Maximum California SDI withholding is \$960.68 for 2016.

CALIFORNIA UNEMPLOYMENT INSURANCE

Wage limit remains at \$7,000.
For subject employers, the ETT rate will remain at 0.1%.

The SUI contribution rate varies by employer. You will receive your rate notification in December 2015.

CALIFORNIA STATE MINIMUM WAGE

California state minimum hourly wage will increase to \$10.00 per hour for all employees effective January 1, 2016.

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ARIZONA STATE MINIMUM WAGE

No change. The minimum wage remains \$8.05 per hour for 2016.

COLORADO STATE MINIMUM WAGE

Colorado workers in will see a one percent increase in their hourly wage in 2016. The minimum wage has increased from \$8.23 per hour to \$8.31 per hour beginning January 1, 2016.

MILEAGE

The standard mileage rate for computing the value of the business use of an automobile is 54 cents per mile beginning January 1, 2016.

PAYROLL STATEMENT REQUIREMENTS

In accordance with Labor Code Sections 226 and 226.2 (effective 1/1/16), there are 10 elements that must appear on each payroll stub. Failure to include any of these items may lead to penalties of \$100 to \$200 for each violation. Such penalties are retroactive for a one-year period from the date of the violation.

The newly-enacted Labor Code Section 226.2 has added additional requirements for "other non-productive time" and "rest and [heat] recovery periods." Other NPT must be stated on the payroll stub along with the total amount of work time and the gross wages paid for other NPT. As for rest and heat recovery periods, they must be listed on the weekly payroll stub, along with the total time allotted to such rest and recovery periods along with the gross wages at the required average hourly rate for piece-rate employees.

The foregoing provisions will **not** be required of hourly compensated employees who earn no less than the applicable minimum wage rate.

NEW H-2A WAGE RATES

On December 22, 2015, the U.S. Department of Labor announced its 2016 Adverse Effect Wage Rates (AEWR) for the employment of H-2A temporary guest workers. Employers currently under an H-2A contract must immediately revise the minimum wage rates loaded into their payroll systems for workers now in the field.

The California AEWR has increased from \$11.33 to \$11.89 per hour.

The Arizona AEWR has increased from \$10.54 to \$11.20 per hour.

The Colorado AEWR has dropped from \$11.37 to \$11.27 per hour.