
TOPS SOFTWARE

2016 FEDERAL PAYROLL TAX RATES

JANUARY 1, 2016

You **MUST** enter these new rates **BEFORE** the first payroll with checks dated in 2016. It is the *Check Date*, not the *pay period* that controls when the tax tables must be changed.

SOCIAL SECURITY (FICA) TAX

Social Security (FICA) Tax	Rate	Limit
Employee	6.2%	\$118,500
Employer	6.2%	\$118,500

MEDICARE TAX

Medicare Tax	Rate	Limit
Employee	1.45%	Unlimited
Employer	1.45%	Unlimited

Additional Medicare Tax– you must withhold an additional .9% (.009) for wages paid in excess of \$200,000. The employer is NOT required to pay this Additional Medicare Tax, only the employee.

FEDERAL UNEMPLOYMENT (FUTA) TAX

FUTA Tax	Rate	Limit
Employer	6% (less any state credits; typically .80)	\$7,000.00

(Generally, you can take a credit against your FUTA tax for amounts you paid into state unemployment funds. The credit may be as much as 5.4% of FUTA taxable wages. If you are entitled to the maximum 5.4% credit, the FUTA tax rate after credit is 0.6%. You are entitled to the maximum credit if you paid your state unemployment taxes in full, on time, and on all the same wages as are subject to FUTA tax, and as long as the state is not determined to be a credit reduction state. See the Instructions for Form 940 to determine the credit.).

2016 FEDERAL WITHHOLDING TAX TABLES

The Federal Withholding Tax Tables are:

TAX TABLE LINE # 34 - WITHHOLDING ALLOWANCE: \$ 4,050.00

Individual Taxpayers

SINGLE person	\$ Amount	% Amount	On Amount Earned Over
1	\$ 0.00	10.00	\$ 2,250.00
2	\$ 927.50	15.00	\$ 11,525.00
3	\$ 5,183.75	25.00	\$ 39,900.00
4	\$ 18,558.75	28.00	\$ 93,400.00
5	\$ 46,278.75	33.00	\$ 192,400.00
6	\$ 119,934.75	35.00	\$ 415,600.00
7	\$ 120,529.75	39.60	\$ 417,300.00

Married Taxpayers Filing Jointly

MARRIED person	\$ Amount	% Amount	On Amount Earned Over
1	\$ 0.00	10.00	\$ 8,550.00
2	\$ 1,855.00	15.00	\$ 27,100.00
3	\$ 10,367.50	25.00	\$ 83,850.00
4	\$ 29,517.50	28.00	\$ 160,450.00
5	\$ 51,791.50	33.00	\$ 240,000.00
6	\$ 111,818.50	35.00	\$ 421,900.00
7	\$ 130,578.50	39.60	\$ 475,500.00