



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 12-29, California State Income Tax Withholding

Date: December 4, 2012

To: Subscribers of Tax Bulletins

Beginning with wages paid for Pay Period 24, 2012, the National Finance Center (NFC) will make the following changes to the State of California income tax withholdings:

- The Single, Married, and Head of Household withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the *NFC Home Page* (<http://www.nfc.usda.gov>) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate State from the map provided. Changes to the tax formula are identified by "▶◀".

For questions about NFC processing, authorized Servicing Personnel Office representatives should contact the NFC Contact Center at **1-855-NFC-4GOV (1-855-632-4468)** or via the Internet using the Requester Console.

RANDY L. SPEED, Director
Government Employees Services Division

NFC BULLETIN

California State Income Tax Information

State Abbreviation:	CA
State Tax Withholding State Code:	06
Acceptable Exemption Form:	DE-4 or W-4
Basis for Withholding:	State or Federal Exemptions
Acceptable Exemption Data:	S, M, H/Number of Regular Allowances/Number of Allowances
TSP Deferred:	Yes
Special Coding:	Determine the Total Number of Allowances Claimed field as follows: First Position - Enter the employee's marital status indicated on the allowance certificate. Enter M (married), S (single), or H (head of household). Second or Third Positions - Enter the total number of regular allowances claimed in Item 1 of the DE-4. If less than 10, precede with a 0 (zero). If no exemptions are claimed, enter 00. Determine the Additional Exemptions Claimed field as follows: First and Second Positions - Enter the number of allowances claimed in Item 2 of the DE-4. If less than 10, precede with a 0 (zero). If no allowances are claimed, enter 00.
Additional Information:	If the employee is using a W-4 in lieu of the California State DE-4, the information for the Additional Exemptions Claimed field should be notated on the W-4.

Withholding Formula ▶(Effective Pay Period 24, 2012)◀

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program and flexible spending account - health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (i.e., taxable life insurance) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.

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5. Determine if the employee's gross annual wages are less than or equal to the amount shown in the Low Income Exemption Table below. If so, no income tax is to be withheld.

Low Income Exemption Table

Single	\$12,527
Married Claiming 0 or 1 exemption ¹	\$12,527
Married Claiming 2 or more exemptions ¹	\$25,054
Head of Household	\$25,054

¹ Number of **regular** allowances claimed on DE-4 or W-4.

6. Determine the **additional withholding allowance for itemized deductions** (AWAID) by applying the following guideline and subtract this amount from the gross annual wages.

AWAID = \$1,000 x Number of **Itemized** Allowances Claimed for **Itemized** Deductions on DE-4 or W-4.

7. Subtract the standard deduction shown on the following table from the result of step 6 to determine the taxable income.

Standard Deduction Table

Single	\$3,769
Married Claiming 0 or 1 exemption ¹	\$3,769
Married Claiming 2 or more exemptions ¹	\$7,538
Head of Household	\$7,538

¹ Number of **regular** allowances claimed on DE-4 or W-4.

8. Apply the taxable income computed in step 7 to the following table to determine the annual California income tax withholding.

Tax Withholding Table

Single

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$0	\$7,316	\$0	plus	1.10%	\$0
7,316	17,346	80.48	plus	2.20%	7,316
17,346	27,377	301.14	plus	4.40%	17,346
27,377	38,004	742.50	plus	6.60%	27,377
38,004	48,029	1,443.88	plus	8.80%	38,004
48,029	▶250,000	2,326.08	plus	10.23%	48,029
250,000	300,000	22,987.71	plus	11.33%	250,000
300,000	500,000	28,652.71	plus	12.43%	300,000
500,000	1,000,000	53,512.71	plus	13.53%	500,000
1,000,000	and over	121,162.71	plus	14.63%	1,000,000◀

Married

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$0	\$14,632	\$0	plus	1.10%	\$0
14,632	34,692	160.95	plus	2.20%	14,632
34,692	54,754	602.27	plus	4.40%	34,692
54,754	76,008	1,485.00	plus	6.60%	54,754
76,008	96,058	2,887.76	plus	8.80%	76,008
96,058	▶500,000	4,652.16	plus	10.23%	96,058
500,000	600,000	45,975.43	plus	11.33%	500,000
600,000	1,000,000	57,305.43	plus	12.43%	600,000
1,000,000	and over	107,025.43	plus	14.63%	1,000,000◀

Head of Household

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$0	\$14,642	\$0	plus	1.10%	\$0
14,642	34,692	161.06	plus	2.20%	14,642
34,692	44,721	602.16	plus	4.40%	34,692
44,721	55,348	1,043.44	plus	6.60%	44,721
55,348	65,376	1,744.82	plus	8.80%	55,348
65,376	▶340,000	2,627.28	plus	10.23%	65,376
340,000	408,000	30,721.32	plus	11.33%	340,000
408,000	680,000	38,425.72	plus	12.43%	408,000
680,000	1,000,000	72,235.32	plus	13.53%	680,000
1,000,000	and over	115,531.32	plus	14.63%	1,000,000◀

- Determine the tax credit by applying the following guidelines and subtract this amount from the result in step 8.

$$\text{Tax Credit} = \$112.20 \times \text{Number of Regular Allowances Claimed on DE-4 or W-4.}$$

- Divide the annual California income tax withholding by 26 to obtain the biweekly California income tax withholding.