

## PASADENA UNIFIED SCHOOL DISTRICT

Date January 2023

TO: Employees  
FROM: Adela Franco, Accounting and Payroll Supervisor  
SUBJECT: Year 2023 Income Tax Changes and Withholding  
Information Effective January 1, 2023

### Federal and State Income Tax Withholding

Updated tax changes have been implemented for payrolls **issued** on and after January 1, 2023. Federal and state income tax withholding brackets have been revised and are included with this notice.

### Employee Social Security/OASDI and Medicare

The Social Security/OASDI employee rate for 2023 remains unchanged at 6.2 percent, however the maximum subject wages have increased. There is no Medicare wage cap for employees. Employee rates remain unchanged at 1.45 percent; however, the Additional Medicare Tax requires that employers withhold an additional 0.9 percent on wages paid to employees in excess of \$200,000 in a calendar year.

| Tax Year Comparison                   | Year 2022    | Year 2023    |
|---------------------------------------|--------------|--------------|
| Social Security/OASDI Rate            | 6.2 percent  | 6.2 percent  |
| Medicare Rate                         | 1.45 percent | 1.45 percent |
| Social Security Maximum Wage Base     | \$147,000    | \$160,200    |
| Medicare Maximum Wage Base            | no limit     | no limit     |
| Maximum Medicare Contribution (1.45%) | no limit     | no limit     |

### Federal Withholding – IRS Form W-4

IRS Form W-4 changed significantly in 2020. The IRS recommends all taxpayers perform a “paycheck checkup” by using their online tool located at <https://www.irs.gov/paycheck-checkup>. Your employer cannot tell you how to complete Form W-4. Please read the instructions carefully and/or consult a tax professional. Only new employees and those wishing to make withholding adjustments, or those claiming exempt must complete the new *IRS 2023 Form W-4, “Employee’s Withholding Certificate”*.

### Federal Exempt from Withholding

If you claimed exempt from withholding tax in 2022 and wish to continue in 2023, you must complete a new *IRS 2023 Form W-4* no later than February 15, 2023. The form requires those wishing to claim exempt to write the word “EXEMPT” in “Step 4”, in the space directly under the box 4(c). If you no longer wish to claim exempt status, you must file a new form W-4 for January tax withholding.

### State Withholding – Form DE 4

All employees updating their IRS Form W-4 must now also complete a California State Withholding Form (DE 4).

*Some items in this notice are provided to comply with IRS’s employee notification requirements.*

Should you have any questions regarding this information, please [insert district procedure].