



To: All Southware Customers
From: BTM Solutions Support Dept.
Date: December 28, 2011

Subject: 2012 Federal Tax Tables

This is a reminder that the Federal Tax Withholding tables and the amount of the Withholding Allowance have changed effective January 1, 2012. The following are the guidelines for incorporating these changes on your computer. This information has been calculated based on the 2012 Circular E Notice 1036.

These changes must be entered on your system before running the first payroll for 2011.

A. Select **PR0706**

1. Marital Status =M		
Level 1 =	8100.00	0%
Level 2 =	25500.00	10%
Level 3 =	78800.00	15%
Level 4 =	150800.00	25%
Level 5 =	225550.00	28%
Level 6 =	396450.00	33%
Level 7 =	9,999,999.99	35%

The remainder of the fields should have nothing in them.

2. Marital Status = S (Including Head of Household)		
Level 1 =	2150.00	0%
Level 2 =	10850.00	10%
Level 3 =	37500.00	15%
Level 4 =	87800.00	25%
Level 5 =	180800.00	28%
Level 6 =	390500.00	33%
Level 9 =	9,999,999.99	35%

The remainder of the fields should have nothing in them.

B. Select **PR0802**

FEDERAL EXEMPTION	3,800.00
MAX OASDI WAGES	110000.00
MAX MEDICARE WAGES	9,999,999.99

NOTE: The EMPLOYEE tax rate for social security is now 4.2%, with the EMPLOYER rate remaining unchanged at 6.2%. This tax change has been extended through February 2012.

Medicare tax rates remain 1.45% for both employee and employer.

PLEASE NOTE THESE ARE FEDERAL CHANGES ONLY. CONTACT YOUR ACCOUNTANT FOR ANY STATE TAX OR UNEMPLOYMENT RATE CHANGES.

New for 2012 – Requirement to report cost of employer-sponsored health coverage. See IRS W2/W3 Instructions for information on this requirement. Southware allows you to record this cost using an employer expense code in the range of 40-5Z.