

Preparing for Year End 2026

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DISCLAIMER:

The tax laws regarding Federal and State calendar year end reporting requirements are constantly changing and becoming more complex. In areas of uncertainty, we **strongly** recommend that you contact your district's audit firm and/or attorney for advice and assistance.

These documents are not rendering legal, accounting, tax or other professional services. If legal advice or other assistance is required, an attorney, CPA, or tax advisor should be consulted.

Important Year End Deadlines

Nov-12	W-2 reportable items entry deadline for November pay cycle.
Nov-18	Abatement Adjustments and Current Year Salary Overpayments are due to Payroll Services and must be received by Noon .
Dec-01	W-2 reportable items entry deadline for Dec OFF cycle before 2pm .
	Last day to notify Payroll Services of any general deductions that need to be mapped to the W2.
	Last day to cancel warrants for 2026 . All cancellation requests are due to Payroll Services and must be received by end of day .
Dec-08	W-2 reportable items entry deadline for December pay cycle and District Summary Signoff returned to Payroll Services.
Dec-11	Final Calc Day - Locked out at 5pm - Last payroll for 2026 calendar year.
	Post Payroll Confirm for the last payroll for 2026 calendar year.
Dec-14	Payroll Services begins final W-2 Balancing and fall out which includes all W-2 reportable items. (Fall out includes those EE's that reach the Social Security max in December, and any Unprocessed GTL for EE's that turn out not to be Active, Partials, etc.)
Dec-15	2023 W-2C's due for processing in order to meet IRS filing deadline.
Dec-22	W-2 Previews distributed to Districts for review and signoff.
Jan-08	W-2 Preview Form due back to SDCOE Payroll Services.
	Last day to submit SSN/name/address changes in HCM for W-2 purposes.
Jan-28	W-2 Forms made available from County Office.

Remember, if you do not adhere to these deadlines/requirements, the district will be required to prepare W-2c's and all accompanying State and Federal tax correction reports.

Please note, the ACA Reporting timeline will be listed separately in the ACA Section on our site linked below.

Payroll Services Website

Warrant Cancellations

To enable the County Office to produce accurate W-2's for 2026; all cancellation requests must be received by **12/02/26 by the end of the day**. Cancellation requests will not be accepted after **12/02/26**, and will require the district to process a Corrected Form W-2 for the employee. Please check your workstations, files, and safes for any salary warrants you are holding for any reason and request the cancellation by the 12/02/26 deadline. This office will do a CANCEL on any warrants held for credentials that have not cleared by the above dates. Also, please check with your Associated Student Body (ASB) organization(s) and accounts payable departments to obtain and report any W-2 wage data for payments that may have been inappropriately paid outside the payroll system (this includes gift certificates presented as awards).

Cancellation requests for 2026 warrants received after December 2nd, will not be processed until February 1, 2027 at the earliest, and need to be submitted on the [Prior Year Warrant Cancellation Request Form](#).

Portions of a warrants funds cannot be returned after calendar year end. Please refer to the chart below for district requirements and impact.

Pay Components	Fund Requirements
Net Pay (Warrants/Advice)	Returned by AT
Retirement contributions (employee and employer)	Returned by CalPERS/CalSTRS After adjustment filed by Retirement Reporting
Federal/State Withholding	Not returned – charged to the District with AT Do not adjust Corrected W2 tax withheld amounts (box 2/17)
Social Security/Medicare (employee and employer)	Returned by taxing agency after 941X is filed after the W-2C is submitted.
TSAs	Not returned – charged to the District with AT
Garnishments	Not returned – charged to the District with AT
Vendor payments (H&W and Vol Deds)	Not returned unless requested from the vendor by either the District or Employee
Impact	Requirements
Corrected W2	Needed to correct prior year wages
System Warrant	Not physically cancelled in the system – refer to Corrected W-2

W-4/DE-4 Requirements

The employer should have on file a signed Form W-4 for all newly hired employees on or before the first day of employment. The form is effective with the employee's first pay period. Under IRS Reg. § 31.3402(f)(2)-1(a), if an employee fails to provide a complete Form W-4 on commencement of employment, the employee is considered a single person claiming zero withholding allowances for federal income tax purposes.

The same IRS regulations require employers to remind their employees to file an amended W-4 if their filing status, exemption allowances, or exempt status has changed since the last filing of their W-4. This notice must be given by December 1st of each year.

In addition, an employee may also need to complete the related California Form DE 4, Employee's *Withholding Allowance Certificate*. Form DE 4 is used in relation to California Personal Income Tax (PIT) withholding. An employee should complete DE 4 if the employee either:

- Claims a different marital status, number of regular allowances, or different additional dollar amount to be withheld for California PIT withholding than the employee claims for federal income tax withholding;
- or
- Claims additional allowances for estimated deductions.

Otherwise, the Federal Form W-4 may be used for both federal and state withholding requirements.

Helpful Links:

[IRS Form W-4 \(2026\)](#)

[CA EDD Form DE-4 \(2026\)](#)

[EDD Employer's Obligations for Form W-4 or DE-4](#)

Exemption from Withholding

An employee may claim exempt from withholding if there was no federal income tax liability due in the previous year and expects no liability in the current year. Note the exemption applies only to federal income tax withholding and does not exempt the employee from other employment taxes. A new exempt Form W-4 must be filed each year to continue the exempt status.

Updated regulations have been issued by the IRS, IRB 2007-35, regarding questionable Forms W-4. Under the regulations, the employers are no longer required to submit a copy of each Form W-4 on which an employee claims exemption from withholding while earning \$200 or more a week, or claims more than 10 allowances. Employers are now required to submit the Forms W-4 to IRS only if directed to do so in a written notice (Lock-in Letter).

Employees claiming “EXEMPT” from withholding during the prior year on the Form W-4, must complete a new W-4 by February 15th to keep their “EXEMPT” status. If the employee doesn't give you a new Form W-4, withhold tax based on the last valid Form W-4 you have for the employee that doesn't claim exemption from withholding or, if one doesn't exist, as if he or she is single with zero withholding allowances. If the employee furnishes a new Form W-4 claiming exemption from withholding after February 15, you may apply the exemption to future wages, but don't refund taxes withheld while the exempt status wasn't in place.

Helpful Links:

[IRB 2007-35](#)

[Understanding Letter 2800C](#)

[Understanding Letter CP2801C – Lock-In Letter](#)

[Withholding Compliance Questions and Answers](#)

Employee Information Review

Annually each employer should send out a notification for employees to review their personal information for accuracy with plenty of time for any corrections to be made prior to the last payroll of the year.

Information to Review	Impact	Contact for Corrections
Employee Name (primary = SSN Name)	W2 Filing Error – Individual Tax Return Filing Error	Human Resources
Social Security Number	W2 Filing Error – Individual Tax Return Filing Error	Human Resources – Payroll Services due by 12/02/2026
Birthdate	Some taxable fringe benefits are age based. Having an incorrect birthdate will result in an incorrect imputed income calculation.	Human Resources
Mailing Address	W2 will not be mailed to the correct address in January.	Employee Self Service (ESS) Personal Information
Phone Number	Districts need current contact information to communicate any year- end problems with employees. Especially limited terms that may not have a work number.	Employee Self Service (ESS) Personal Information
Email Address	Districts need current contact information to communicate any year- end problems with employees. Especially limited terms that may not have provided a phone number.	Employee Self Service (ESS) Personal Information

Helpful Links:

[PeopleSoft Support – PeopleSoft Employee Self-Service \(ESS\) Guide](#)

Prior Year Duplicate W-2 Requests

For employees requesting duplicate W-2s, use a form similar to the sample provided below. If possible, have the district establish a policy that provides for written requests only – no telephone requests. Remember to type “REISSUED STATEMENT” in the upper right-hand corner of all copies of the duplicate W-2.

The IRS also requires employers to keep all books and records related to W-2 forms for as long as the materials might be required to administer tax laws. The IRS requires employers to keep returned undeliverable copies of W-2 forms sent to employees for four years unless electronic copies are available for review by the IRS. (If the physical copy is not kept, make sure to scan a copy of the postmark and return date of the undeliverable W2.)

The Social Security Administration requires employers to keep copies of W-2 forms for at least four years. The SSA might require copies of your W-2 forms to support your tax and wage reports in the event the agency requires reconciliation to resolve errors and discrepancies.

Historical Reference for W2 Copies as provided to Districts

<u>Year(s)</u>	<u>Method(s)</u>
Up to 1996	Paper copy, microfiche
1997-2003	Paper copy, Report Manager, PRQST Reprint Request
2004-2005	Paper copy, Report Manager, CD
2006-2016*	CD*, Report Manager*
2014-2016*	CD*, Payroll Services Reprint Request, Employee Self-Service

** While operating in Legacy Payroll System*

In PeopleSoft HCM, employees can view their 2016 W2 in Employee Self-Service. If they should need copies of years 2014/2015 issued through PeopleSoft HCM, please submit the [W2 Reprint Request Form](#) to Payroll Services. A duplicate copy will be saved to Secure File Transfer System W2 folder.

2026 TAX RATES

FEDERAL ANNUAL TAX RATES

2026 Percentage Method Tables for Automated Payroll Systems and Withholding on Periodic Payments of Pensions and Annuities

STANDARD Withholding Rate Schedules (Use these if the Form W-4 is from 2019 or earlier, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is NOT checked. Also, use these for Form W-4P from any year.)					Form W-4, Step 2, Checkbox, Withholding Rate Schedules (Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 IS checked.)				
If the Adjusted Annual Wage Amount on Worksheet 1A or the Adjusted Annual Payment Amount on Worksheet 1B is:					If the Adjusted Annual Wage Amount on Worksheet 1A is:				
At least—	But less than—	The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Annual Wage or Payment exceeds—	At least—	But less than—	The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Annual Wage exceeds—
A	B	C	D	E	A	B	C	D	E
Married Filing Jointly					Married Filing Jointly				
\$0	\$19,300	\$0.00	0%	\$0	\$0	\$16,100	\$0.00	0%	\$0
\$19,300	\$44,100	\$0.00	10%	\$19,300	\$16,100	\$28,500	\$0.00	10%	\$16,100
\$44,100	\$120,100	\$2,480.00	12%	\$44,100	\$28,500	\$66,500	\$1,240.00	12%	\$28,500
\$120,100	\$230,700	\$11,600.00	22%	\$120,100	\$66,500	\$121,800	\$5,800.00	22%	\$66,500
\$230,700	\$422,850	\$35,932.00	24%	\$230,700	\$121,800	\$217,875	\$17,966.00	24%	\$121,800
\$422,850	\$531,750	\$82,048.00	32%	\$422,850	\$217,875	\$272,325	\$41,024.00	32%	\$217,875
\$531,750	\$788,000	\$116,896.00	35%	\$531,750	\$272,325	\$400,450	\$58,448.00	35%	\$272,325
\$788,000		\$206,583.50	37%	\$788,000	\$400,450		\$103,291.75	37%	\$400,450
Single or Married Filing Separately					Single or Married Filing Separately				
\$0	\$7,500	\$0.00	0%	\$0	\$0	\$8,050	\$0.00	0%	\$0
\$7,500	\$19,900	\$0.00	10%	\$7,500	\$8,050	\$14,250	\$0.00	10%	\$8,050
\$19,900	\$57,900	\$1,240.00	12%	\$19,900	\$14,250	\$33,250	\$620.00	12%	\$14,250
\$57,900	\$113,200	\$5,800.00	22%	\$57,900	\$33,250	\$60,900	\$2,900.00	22%	\$33,250
\$113,200	\$209,275	\$17,966.00	24%	\$113,200	\$60,900	\$108,938	\$8,983.00	24%	\$60,900
\$209,275	\$263,725	\$41,024.00	32%	\$209,275	\$108,938	\$136,163	\$20,512.00	32%	\$108,938
\$263,725	\$648,100	\$58,448.00	35%	\$263,725	\$136,163	\$328,350	\$29,224.00	35%	\$136,163
\$648,100		\$192,979.25	37%	\$648,100	\$328,350		\$96,489.63	37%	\$328,350
Head of Household					Head of Household				
\$0	\$15,550	\$0.00	0%	\$0	\$0	\$12,075	\$0.00	0%	\$0
\$15,550	\$33,250	\$0.00	10%	\$15,550	\$12,075	\$20,925	\$0.00	10%	\$12,075
\$33,250	\$83,000	\$1,770.00	12%	\$33,250	\$20,925	\$45,800	\$885.00	12%	\$20,925
\$83,000	\$121,250	\$7,740.00	22%	\$83,000	\$45,800	\$64,925	\$3,870.00	22%	\$45,800
\$121,250	\$217,300	\$16,155.00	24%	\$121,250	\$64,925	\$112,950	\$8,077.50	24%	\$64,925
\$217,300	\$271,750	\$39,207.00	32%	\$217,300	\$112,950	\$140,175	\$19,603.50	32%	\$112,950
\$271,750	\$656,150	\$56,631.00	35%	\$271,750	\$140,175	\$332,375	\$28,315.50	35%	\$140,175
\$656,150		\$191,171.00	37%	\$656,150	\$332,375		\$95,585.50	37%	\$332,375

STATE ANNUAL TAX RATES

Table "B"

Rates apply to *annual state taxable earnings* (box 16 wages) as follows:

- a) \$0 tax if annual taxable earnings are equal to or less than
 - \$18,368 if SINGLE or MARRIED - 0 or 1 exemption
 - \$36,736 if UNMARRIED or HEAD of HOUSEHOLD or MARRIED 2 or more exemptions
- b) Apply rate to annual taxable earnings less standard deduction and less \$1,000 for each Estimated Deduction** Allowance
 - Standard deduction
 - MARRIED — 0 or 1 exemption \$5,706
 - 2 or more exemptions \$11,412
 - SINGLE — \$5,706
 - UNMARRIED HEAD OF HOUSEHOLD — \$11,412

Annual Payroll Period Tax Rate Tables

**Method B - Table 5: Single Persons,
Dual Income Married or Married with
Multiple Employers**

If The Taxable Income Is Over	But The Taxable Income Is Not Over	The Computed Tax is	Of the Amount Over	Plus
\$0	\$11,079	1.100%	\$0	\$0.00
\$11,079	\$26,264	2.200%	\$11,079	\$121.87
\$26,264	\$41,452	4.400%	\$26,264	\$455.94
\$41,452	\$57,542	6.600%	\$41,452	\$1,124.21
\$57,542	\$72,724	8.800%	\$57,542	\$2,186.15
\$72,724	\$371,479	10.230%	\$72,724	\$3,522.17
\$371,479	\$445,771	11.330%	\$371,479	\$34,084.81
\$445,771	\$742,953	12.430%	\$445,771	\$42,502.09
\$742,953	\$1,000,000	13.530%	\$742,953	\$79,441.81
\$1,000,000 and over		14.630%	\$1,000,000	\$114,220.27

Method B - Table 6: Married Persons

If The Taxable Income Is Over	But The Taxable Income Is Not Over	The Computed Tax is	Of the Amount Over	Plus
\$0	\$22,158	1.100%	\$0	\$0.00
\$22,158	\$52,528	2.200%	\$22,158	\$243.74
\$52,528	\$82,904	4.400%	\$52,528	\$911.88
\$82,904	\$115,084	6.600%	\$82,904	\$2,248.42
\$115,084	\$145,448	8.800%	\$115,084	\$4,372.30
\$145,448	\$742,958	10.230%	\$145,448	\$7,044.33
\$742,958	\$891,542	11.330%	\$742,958	\$68,169.60
\$891,542	\$1,000,000	12.430%	\$891,542	\$85,004.17
\$1,000,000	\$1,485,906	13.530%	\$1,000,000	\$98,485.50
\$1,485,906 and over		14.630%	\$1,485,906	\$164,228.58

**Method B - Table 7: Unmarried/Head
of Household**

If The Taxable Income Is Over	But The Taxable Income Is Not Over	The Computed Tax is	Of the Amount Over	Plus
\$0	\$22,173	1.100%	\$0	\$0.00
\$22,173	\$52,530	2.200%	\$22,173	\$243.90
\$52,530	\$67,716	4.400%	\$52,530	\$911.75
\$67,716	\$83,805	6.600%	\$67,716	\$1,579.93
\$83,805	\$98,990	8.800%	\$83,805	\$2,641.80
\$98,990	\$505,208	10.230%	\$98,990	\$3,978.08
\$505,208	\$606,251	11.330%	\$505,208	\$45,534.18
\$606,251	\$1,000,000	12.430%	\$606,251	\$56,982.35
\$1,000,000	\$1,010,417	13.530%	\$1,000,000	\$105,925.35
\$1,010,417 and over		14.630%	\$1,010,417	\$107,334.77

- c) Reduce result of b) by personal allowance tax credit to arrive at annual tax:
 - Personal allowance credit*** for Single, Married, and Head of Household
 - 0 Allowance — \$0
 - 1 or More Allowances — \$168.30 for each allowance

**Estimated deductions are *not* the same as the personal allowances on Form DE-4, California "Employee's Withholding Allowance Certificate."
Apply personal allowances credit only in step (c) of the computation.

HOW TO DETERMINE TAXABLE EARNINGS

Gross Pay

Less (-): Pre-Tax Deductions

(Examples: TSAs, Def Comp, ARS, PERS, STRS, Café 125, etc...)

Plus (+): Taxable Benefits

(Examples: Group Term Life, Allowances, Personal Vehicle Use, etc...)

Result (=): Taxable Earnings

OTHER 2026 RATES

OASDI Tax Rate—*Employee and Employer* 6.2%

OASDI maximum wage base—*Employee and Employer* \$184,500.00 Maximum

OASDI contribution—*Employee and Employer* \$11,439.00

Medicare Tax Rate 1.45%

Additional Medicare Tax—*Employee wages* \$200,000 + 0.90%

Medicare maximum wage base No limit

Medicare maximum contribution No limit

S.U.I. Rate (FY25-26) 0.05%

[CalSTRS/CalPERS \(See Retirement\)](#)

IRS Standard Mileage Rate:

Effective 01/01/26 - 06/30/26: 72.5 cents per mile

Effective 07/01/26 - 12/31/26: 76 cents per mile

Federal Supplemental Tax Rate 22% – over \$1M 37% (see [IRS Pub 15](#) for more details)

State Supplemental Tax Rate 6.6% (see [DE44](#) for more details)

2027 Tax Update Projections

OASDI Tax Rate—*Employee and Employer* 6.2%

OASDI maximum wage base—*Employee and Employer* \$190,200.00 Maximum

OASDI contribution—*Employee and Employer* \$11,792.40

California Minimum Wage

Every employer shall pay to each employee hourly wages not less than the following:

Date	Minimum Wage for Employers with 25 Employees or Less	Minimum Wage for Employers with 26 Employees or More
January 1, 2017	\$10.00/hour	\$10.50/hour
January 1, 2018	\$10.50/hour	\$11.00/hour
January 1, 2019	\$11.00/hour	\$12.00/hour
January 1, 2020	\$12.00/hour	\$13.00/hour
January 1, 2021	\$13.00/hour	\$14.00/hour
January 1, 2022	\$14.00/hour	\$15.00/hour
January 1, 2023	\$15.50/hour	\$15.50/hour
January 1, 2024	\$16.00/hour	\$16.00/hour
January 1, 2025	\$16.50/hour	\$16.50/hour
January 1, 2026	\$16.90/hour	\$16.90/hour

[Click here](#) for the General Minimum Wage Order to be posted next to your Industrial Welfare Commission (IWC) or Industry Occupation Order.

[Click here](#) for some helpful information and a list of FAQs from the CA Division of Labor Standards Enforcement (DLSE).

San Diego Minimum Wage

Beginning January 1, 2020, employees who perform at least two (2) hours of work in one work week within the geographic boundaries of the City of San Diego must be paid wages of not less than \$13.00 per hour for all hours worked within the City's geographic boundaries.

Effective Date	Minimum Wage Rate
January 1, 2024	\$16.85
January 1, 2025	\$17.25
January 1, 2026	\$17.75

[Click here](#) for a copy of the City of San Diego minimum wage notice.

[Click here](#) for a map of the City's geographic boundaries.

Advanced Earned Income Credit

As of tax year 2011, there is no longer an advanced payment of the earned income tax credit. Employees still eligible for EIC may still claim it on their individual income tax return, but employers may no longer advance a portion of it with each paycheck. This change is a provision of HR 1586 (Public Law 111-226, Section 219 Elimination of advance refundability of earned income credit).

The employer federal and state notifications for Earned Income Credit is still a requirement. Employers are required to notify all employees that they may be eligible for the Federal EITC (Earned Income Tax Credit). The W-2 produced by the County Office has the required Federal notification to the employees regarding the availability of the EITC. This satisfies the employers' legal Federal notification requirement. However, employers are still legally required by the State to send a separate notice to all their employees.

Personally deliver or mail separate notice. Effective January 1, 2008, an employer must notify ALL employees that they may be eligible for the federal EITC within one week before or after, or at the same time the employer provides an annual wage summary (IRS Forms W-2 or 1099) to any employee. The employer must provide notification by handing directly to the employee or mailing to the employee's last known address either: (1) instructions on how to obtain any notices available from the Internal Revenue Service for this purpose, including IRS Notice 797, or (2) a notice created by the employer, as long as it contains substantially the same language as the sample notice (see below). The employer will NOT satisfy the notification requirement by posting a notice on an employee bulletin board or sending it through office mail.

SAMPLE NOTICE TO EMPLOYEES: The new law contains a sample notice that can be provided to employees. It states:

"Based on your annual earnings, you may be eligible to receive the earned income tax credit from the federal government. The earned income tax credit is a refundable federal income tax credit for low-income working individuals and families. The earned income tax credit has no effect on certain welfare benefits. In most cases, earned income tax credit payments will not be used to determine eligibility for Medicaid, supplemental security income, food stamps, low-income housing or most temporary assistance for needy family's payments. Even if you do not owe federal taxes, you must file a tax return to receive the earned income tax credit. Be sure to fill out the earned income tax credit form in the federal income tax return booklet. For information regarding your eligibility to receive the earned income tax credit, including information on how to obtain the [IRS Notice 797](#) or any other necessary forms and instructions, contact the Internal Revenue Service at 1-800-829-3676 or through its Web site at www.irs.gov."