

Here are the numbers for 2005 and 2006:

	<u>2005</u>	<u>2006</u>
<u>1) FICA & Self Employment taxes are comprised of two components:</u>		
<u>a) Social Security (OASDI)</u>		
Maximum Earnings Subject	\$90,000	\$94,200
Tax Rate (Employee)	6.20%	6.20%
Maximum FICA Tax (Employee)	5,580.00	5,840.40
Tax Rate (Self Employed)	12.40%	12.40%
Maximum FICA (Self-Employed)	11,160.00	11,680.80
<u>b) Medicare Tax</u>		
Maximum Earnings Subject	No Ceiling	No Ceiling
Tax Rate (Employee)	1.45%	1.45%
Maximum Medicare Tax (Employee)	No Limit	No Limit
Tax Rate (Self Employed)	2.90%	2.90%
Maximum Medicare (Self-Employed)	No Limit	No Limit
<u>2) Standard Deduction</u>		
Joint or Qualifying Widow(er)	10,000	10,300
Single	5,000	5,150
Head of Household	7,300	7,550
Married Filing Separately	5,000	5,150
Taxpayer Claimed as Dependent	800	850
Additional for Elderly or Blind:		
Married	1,000	1,000
Unmarried	1,250	1,250
<u>3) Personal/Dependent Exemption</u>	3,200	3,300
<u>4) Unearned Income - Kiddie Tax</u>	1,600	1,700
Unearned income of a child under age 14 in excess of indicated amounts is taxed at parent's rate, if higher.		
<u>5) Itemized Deduction Phaseout</u>		
Itemized deductions (not including medical expenses, investment expenses and non-business casualty losses) are reduced by 3% of excess Adjusted Gross Income over the following AGI amounts.		
Joint, Single, Head of Household	145,950	150,500
Married Filing Separately	72,975	75,250
Total reduction cannot exceed 80% of itemized deductions.		
<u>6) Personal Exemption Phaseout</u>		
Deductions for personal exemptions are phased out at the rate of 2% for each \$2,500 of AGI (\$1,250 for Married Filing Separately) over these AGI amounts:		
Married Filing Jointly	218,950	225,750
Married Filing Separately	109,475	112,875
Single	145,950	150,500
Head of Household	182,450	188,150
<u>7) Alternative Minimum Tax Rate</u>	26% on first	26% on first
	175,000	175,000
Married Filing Separately:	87,500	87,500
	28% on excess	28% on excess
<u>8) Social Security Benefits Increase</u>	2.70%	4.10%

	<u>2005</u>	<u>2006</u>
<u>9) Earnings Ceiling for Social Security</u>		
Between ages of 62 and before the calendar year the retiree turns 65		
Annual Total	12,000	12,480
Monthly Average	1,000	1,040
From January 1st of the year the retiree turns 65 through the month the retiree is 65 and 6 mo. for those born in 1940 and 65 and 8 mo. for those born in 1941.		Subject to adjustment by indexing formula
Annual Total	31,800	33,240
Monthly Average	2,650	2,770
From the first day of the first full month the retiree is 65 or older	No Limit	No Limit
<u>10) Medicare Part B Fee (Monthly)</u>	\$78.20	\$88.50
<u>11) PA Income Tax Rate</u>	3.07%	3.07%
<u>12) Philadelphia City Wage Tax</u>		
Residents	4.331%	4.301%
Non-Residents	3.8197%	3.7716%
<u>13) Pennsylvania Unemployment Employee Withholding Tax</u>	.09%	.09%
<u>14) NJ Unemployment Taxable Wage Base</u>	24,900	25,800
<u>15) NJ Unemployment Employee Tax</u>	0.9250%	0.9250%
<u>16) Federal Unemployment Tax (FUTA)</u>		
Wages Subject	7,000	7,000
Rate	.8%(.008)	.8%(.008)
Cost for each employee earning \$7,000 or more	56.00	56.00
<u>17) Federal, PA and NJ Minimum Wage</u>		
Federal and PA	5.15/hr	5.15/hr
NJ (1/1-9/30/06)	5.15/hr	6.15/hr
NJ (After 9/30/06)	6.15/hr	7.15/hr
DE	6.15/hr	6.15/hr
<u>18) Deduction Limits for Automobiles</u>		
<u>Luxury Autos</u>		
First year	2,960	TBA
Second year	4,800	TBA
Third year	2,850	TBA
Thereafter	1,675	TBA
<u>Light Trucks, Vans and SUV's</u>		
First Year	3,260	TBA
Second Year	5,200	TBA
Third Year	3,150	TBA
Thereafter	1,875	TBA

19) Standard Mileage Allowance - Cents per Mile

Business Use	40.5 - 48.5	44.5
Medical and Moving	15	18
Charity	14	14
Charity related to Hurricane Katrina	34	32

	2005	2006
20) Retirement Plans		
Maximum wage eligible for Defined Contribution Plan	210,000	220,000
Maximum contribution percentage - SEP/Profit Sharing	25%	25%
Maximum contribution percentage - defined contribution	100%	100%
Maximum Contribution Amounts:		
Defined Benefit Plan	170,000	175,000
Defined Contribution Plan	42,000	44,000
401K and 403B Plans (under age 50)	14,000	15,000
401K and 403BPlans (age 50 and over)	18,000	20,000
Simple Plans - Max. employee contribution (under age 50)	10,000	10,000
Simple Plans - Max. employee contribution (age 50 and over)	12,000	12,500
Roth and Traditional *Deductible IRA's (under age 50)	4,000	4,000
Roth and Traditional *Deductible IRA's (age 50 and over)	4,500	5,000
*Amount deductible if you are not covered by a retirement plan:	4,000 or more	4,000 or more
The deduction is phased out based on income (AGI) for persons in a retirement plan.		
Traditional deductible spousal IRA (Under Age 50)	4,000	4,000
Traditional deductible spousal IRA (Age 50 and Over)	4,500	5,000
A taxpayer age 50 & over not in a retirement plan can make a deductible IRA contribution, even if spouse is covered by retirement plan. This phases out with AGI from \$150-\$160,000 over age 50.		

21) Annual Exclusion From Gift Tax	11,000	12,000
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22) Section 179 - First Year Expense for New Equipment Purchases	105,000	108,000
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23) Federal Income Tax Rates**2005 Married Filing Jointly:**

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	14,600
15.0%	14,600-	59,400
25.0%	59,400-	119,950
28.0%	119,950-	182,800
33.0%	182,800-	326,450
35.0%	326,450-	

2005 Single:

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	7,300
15.0%	7,300-	29,700
25.0%	29,700-	71,950
28.0%	71,950-	150,150
33.0%	150,150-	326,450
35.0%	326,450-	

2006 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	15,100
15.0%	15,100-	61,300
25.0%	61,300-	123,700
28.0%	123,701-	188,450
33.0%	188,451-	336,550
35.0%	336,551-	

2006 Single:

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	7,550
15.0%	7,550-	30,650
25.0%	30,650-	74,200
28.0%	74,200-	154,800
33.0%	154,800-	336,550
35.0%	336,550-	

24) Unified Credit - Estates and Gifts

2006	\$ 2,000,000	2009	\$ 3,500,000
2007	\$ 2,000,000	2010	Repealed
2008	\$ 2,000,000	2011	???????????