

**1) FICA & Self Employment taxes are comprised of two components:**

**a) Social Security (OASDI)**

	<b>2009</b>	<b>2010</b>
Maximum Earnings Subject	\$ 106,800	\$ 106,800
Tax Rate (Employee)	6.2%	6.2%
Maximum FICA Tax (Employee)	6,621.60	6,621.60
Tax Rate (Self Employed)	12.4%	12.4%
Maximum FICA (Self-Employed)	13,243.20	13,243.20

**b) Medicare Tax**

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

**2) Standard Deduction**

Joint or Qualifying Widow(er)	11,400	11,400
Single	5,700	5,700
Head of Household	8,350	8,400
Married Filing Separately	5,700	5,700
Taxpayer Claimed as Dependent	950	950
Additional for Elderly or Blind:		
Married	1,100	1,100
Unmarried	1,400	1,400

**3) Personal/Dependent Exemption**

	3,650	3,650
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**4) Unearned Income - Kiddie Tax- Now applies to Students under age 24**

Unearned income of a child under age 18 in excess of indicated amounts is taxed at parent's rate, if higher. Also applies to a student ages 19 to 23 whose earned income is not more than half of the child's support

	1,900	1,900
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**2009**      **2010**

**5) Itemized Deduction Phaseout**

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  
Married Filing Separately

166,800	<b>phase-out eliminated</b>
83,400	

Total reduction cannot exceed 80% of itemized deductions.

**6) Personal Exemption Phaseout**

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  
Married Filing Separately  
Single  
Head of Household

250,200	<b>phase-out eliminated</b>
125,100	
166,800	
208,500	

**7) Alternative Minimum Tax Rate**

Married filing joint & Single: 26% on first \$175,000  
Married Filing Separate: 26% on first \$87,500  
28% on excess

**8) Social Security Benefits Increase**

5.80%	None
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**9) Earnings Ceiling for Social Security**

Between ages of 62 and before the calendar year the retiree turns 65

Annual Total

14,160	14,160
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Monthly Average

1,180	1,180
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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.

Annual Total

37,680	37,680
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Monthly Average

3,140	3,140
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From the first day of the first full month the retiree reaches full retirement age

No Limit	No Limit
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	<b>2009</b>	<b>2010</b>
<b><u>10) Medicare Part+A1 B Fee (Monthly) Based on Modified Adjusted Gross Income at Various Income Levels Below</u></b>		
<i>Individuals from:</i>		
\$0-85,000	\$96.40	\$110.50
\$85,000-\$107,000	\$134.90	\$154.70
\$107,000-\$160,000	\$192.70	\$221.00
\$160,000-\$213,000	\$250.50	\$287.30
above \$213,000	\$308.30	\$353.60
<i>Married couples from:</i>		
\$0-170,000		
\$170,000-\$214,000		
\$214,000-\$320,000		
\$320,000-\$426,000		
above \$426,000		
<b><u>11) PA Income Tax Rate</u></b>		
	3.07%	3.07%
<b><u>12) Philadelphia City Wage Tax</u></b>		
Residents 1/1/09-6/30/09	3.93%	
Residents 7/1/09-6/30/10	3.9296%	
Residents 6/30/10-12/31/10	?	
Non-Residents 1/1/09-6/30/09	3.5%	
Non-Residents 7/1/09-6/30/10	3.4997%	
Non-Residents 6/30/10-12/31/10	?	
<b><u>13) Pennsylvania Unemployment Employee Withholding Tax</u></b>		
	.06%	.08%
<b><u>14) NJ Unemployment Taxable Wage Base</u></b>		
	28,900	29,700
<b><u>15) NJ Unemployment Employee Tax</u></b>		
	0.9250%	0.9250%
<b><u>16) Federal Unemployment Tax (FUTA)</u></b>		
Wages Subject	7,000	7,000
Rate	.8%(.008)	.8%(.008)
Cost for each employee earning \$7,000 or more	56.00	56.00

	<b>2009</b>	<b>2010</b>
<b><u>17) Federal, PA, NJ &amp; DE Minimum Wage</u></b>	<u>7.25/hr</u>	
<b><u>18) Deduction Limits for Automobiles</u></b>		
<b><u>Luxury Autos</u></b>		
First year	<b>*10,960</b>	<b>*10,960</b>
Second year	4,800	4,800
Third year	2,850	2,850
Thereafter	1,775	1,775
 <b><u>Light Trucks, Vans and SUV's</u></b>		
First Year	<b>*11,160</b>	<b>*11,160</b>
Second Year	5,100	5,100
Third Year	3,050	3,050
Thereafter	1,875	1,875
 *includes \$8,000 1st year bonus depreciation		
<b><u>19) Standard Mileage Allowance - Cents per Mile</u></b>		
Business Use	55	50
Medical and Moving	24	16.5
Charity	14	14

	<b>2009</b>	<b>2010</b>
<b><u>20) Retirement Plans</u></b>		
Maximum wage eligible for Defined Contribution Plan	245,000	245,000
Maximum contribution percentage - SEP/Profit Sharing	25%	25%
Maximum contribution percentage - defined contribution	100%	100%
Maximum Contribution Amounts:		
Defined Benefit Plan	195,000	195,000
Defined Contribution Plan	49,000	49,000
401K and 403B Plans (under age 50)	16,500	16,500
401K and 403BPlans ( <b>age 50 and over</b> )	22,000	22,000
Simple Plans - Max. employee contribution (under age 50)	11,500	11,500
Simple Plans - Max. employee contribution ( <b>age 50 and over</b> )	14,000	14,000
Roth and Traditional *Deductible IRA's (under age 50)	5,000	5,000
Roth and Traditional *Deductible IRA's ( <b>age 50 and over</b> )	6,000	6,000
*Amount deductible if you are not covered by a retirement plan: The deduction is phased out based on income (AGI) for persons in a retirement plan.		
Traditional deductible spousal IRA (Under Age 50)	5,000	5,000
Traditional deductible spousal IRA (Age 50 and Over)	6,000	6,000
<b>A married taxpayer 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 \$167-\$177,000 over age 50.</b>		
<b><u>21) Annual Exclusion From Gift Tax</u></b>	13,000	13,000
<b><u>22) Section 179 - First Year Expense for New Equipment Purchases</u></b>	250,000	250,00

**23) Federal Income Tax Rates****2009 Married Filing Jointly:**

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	16,700
15.0%	16,700-	67,900
25.0%	67,900-	137,050
28.0%	137,050-	208,850
33.0%	208,850-	372,950
35.0%	372,950-	and greater

**2009 Single:**

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	8,350
15.0%	8,350-	33,950
25.0%	33,950-	82,250
28.0%	82,250-	171,550
33.0%	171,550-	372,950
35.0%	372,950-	and greater

**2010 Married Filing Jointly:**

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	16,750
15.0%	16,750-	68,000
25.0%	68,000-	137,300
28.0%	137,300-	209,250
33.0%	209,250-	373,650
35.0%	373,650-	and greater

**2010 Single:**

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	8,375
15.0%	8,375-	34,000
25.0%	34,000-	82,400
28.0%	82,400-	171,850
33.0%	171,850-	373,650
35.0%	373,650-	and greater