

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

a) Social Security (OASDI)

	2009	2010
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

	1,900	1,900
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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

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	phase-out eliminated
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	phase-out eliminated
125,100	
166,800	
208,500	

7) Alternative Minimum Tax Rate

Married filing joint & Single:
Married Filing Separate:

26% on first \$175,000
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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10) Medicare Part B Fee (Monthly) Based on Modified Adjusted Gross Income at Various Income Levels Below

<i>Individuals from:</i>	<i>Married couples from:</i>		
\$0-85,000	\$0-170,000	\$96.40	\$110.50
\$85,000-\$107,000	\$170,000-\$214,000	\$134.90	\$154.70
\$107,000-\$160,000	\$214,000-\$320,000	\$192.70	\$221.00
\$160,000-\$213,000	\$320,000-\$426,000	\$250.50	\$287.30
above \$213,000	above \$426,000	\$308.30	\$353.60

11) PA Income Tax Rate

3.07%	3.07%
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12) Philadelphia City Wage Tax

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	?

13) Pennsylvania Unemployment Employee Withholding Tax

.06%	.08%
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14) NJ Unemployment Taxable Wage Base

28,900	29,700
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15) NJ Unemployment Employee Tax

0.9250%	0.9250%
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16) Federal Unemployment Tax (FUTA)

Wages Subject	7,000	7,000
Rate	.8%(.008)	.8%(.008)
Cost for each employee earning \$7,000 or more	56.00	56.00

	2009	2010
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17) Federal, PA, NJ & DE Minimum Wage

	7.25/hr	
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18) Deduction Limits for Automobiles**Luxury Autos**

First year	*10,960	*3,060
Second year	4,800	4,900
Third year	2,850	2,950
Thereafter	1,775	1,775

Light Trucks, Vans and SUV's

First Year	*11060	*3,160
Second Year	4,900	5,100
Third Year	2,950	3,050
Thereafter	1,775	1,875

*2009 includes \$8,000 1st year bonus depreciation. 2010 may increase retroactively if bonus depreciation extended by congress

19) Standard Mileage Allowance - Cents per Mile

Business Use	55	50
Medical and Moving	24	16.5
Charity	14	14

	2009	2010
<u>20) Retirement Plans</u>		
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%
<i>Maximum Contribution Amounts:</i>		
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 (age 50 and over)	22,000	22,000
Simple Plans - Max. employee contribution (under age 50)	11,500	11,500
Simple Plans - Max. employee contribution (age 50 and over)	14,000	14,000
Roth and Traditional *Deductible IRA's (under age 50)	5,000	5,000
Roth and Traditional *Deductible IRA's (age 50 and over)	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
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.		
<u>21) Annual Exclusion From Gift Tax</u>	13,000	13,000
<u>22) Section 179 - First Year Expense for New Equipment Purchases</u>	250,000	134,000

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