

Numbers You Need to Know for 2007 and 2008:

	<u>2007</u>	<u>2008</u>
<u>1) FICA & Self Employment taxes are comprised</u>		
<u>of two components:</u>		
<u>a) Social Security (OASDI)</u>		
Maximum Earnings Subject	\$97,500	\$ 102,000
Tax Rate (Employee)	6.20%	6.20%
Maximum FICA Tax (Employee)	6,045.00	6,324.00
Tax Rate (Self Employed)	12.40%	12.40%
Maximum FICA (Self-Employed)	12,090.00	12,648.00
<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)	10,700	10,900
Single	5,350	5,450
Head of Household	7,850	8,000
Married Filing Separately	5,350	5,450
Taxpayer Claimed as Dependent	850	900
Additional for Elderly or Blind:		
Married	1,050	1,050
Unmarried	1,300	1,350
<u>3) Personal/Dependent Exemption</u>	3,400	3,500
<u>4) Unearned Income - Kiddie Tax - Now applies to children under age 18</u>	1,700	1,800

Unearned income of a child under age 18 in excess of indicated amounts is taxed at parent's rate, if higher.

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.

	<u>2007</u>	<u>2008</u>
Joint, Single, Head of Household	156,400	159,950
Married Filing Separately	78,200	79,975

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	234,600	239,950
Married Filing Separately	117,300	119,975
Single	156,400	159,950
Head of Household	195,500	199,950

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

3.30%	2.30%
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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	12,960	13,560
Monthly Average	1,080	1,130

From January 1st of the year the retiree turns 65

Subject to adjustment by indexing formula

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	34,440	36,120
Monthly Average	2,870	3,010

From the first day of the first full month the retiree is 65 or older

No Limit	No Limit
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	<u>2007</u>	<u>2008</u>
<u>10) Medicare Part B Fee (Monthly)</u>	\$93.50	\$96.40
* Starting in 2008 the premium will be higher if income is in excess of \$164,000 joint or \$82,000 if single		
<u>11) PA Income Tax Rate</u>	3.07%	3.07%
<u>12) Philadelphia City Wage Tax</u>		
Residents 2007 & 1/1/08-6/30/08	4.26%	4.219%
Non-Residents 2007 & 1/1/08-6/30/08	3.7557%	3.7242%
Residents 7/1/08-12/31/08		3.98%
Non-Residents 7/1/08-12/31/09		3.5392%
<u>13) Pennsylvania Unemployment Employee Withholding Tax</u>	.09%	.06%
<u>14) NJ Unemployment Taxable Wage Base</u>	26,600	27,700
<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, NJ & DE Minimum Wage</u>		
Federal (1/1/07-7/23/07)	5.15/hr	
Federal (7/24/07-7/23/08)	5.85/hr	
Federal (7/24/08-7/23/09)	6.55/hr	
Federal (Effective 7/24/09)	7.25/hr	
PA (7/1/07-7/23/09)	7.15/hr	
PA (effective 7/24/09)	7.25/hr	
NJ (10/1/06-7/23/09)	7.15/hr	
DE (1/1/07-12/31/07)	6.65/hr	
DE (1/1/08-12/31/08)	7.15/hr	

18) Deduction Limits for Automobiles

Luxury Autos

	<u>2007</u>	<u>2008</u>
First year	3,060	*10,960
Second year	4,900	4,800
Third year	2,850	2,850
Thereafter	1,775	1,775

Light Trucks, Vans and SUV's

First Year	3,260	*11,160
Second Year	5,200	5,100
Third Year	3,050	3,050
Thereafter	1,875	1,875

***includes \$8,000 1st year bonus depreciation**

19) Standard Mileage Allowance - Cents per Mile

Business Use (1/1/08-6/30/08)	50.5
Business Use (7/1/08-12/31/08)	58.5
Medical and Moving (1/1/08-6/30/08)	19
Medical and Moving (7/1/08-12/31/08)	27
Charity (1/1/08-6/30/08)	14
Charity (7/1/08-12/31/08)	14

	<u>2007</u>	<u>2008</u>
<u>20) Retirement Plans</u>		
Maximum wage eligible for Defined Contribution Plan	225,000	230,000
Maximum contribution percentage - SEP/Profit Sharing	25%	25%
Maximum contribution percentage - defined contribution	100%	100%
Maximum Contribution Amounts:		
Defined Benefit Plan	180,000	185,000
Defined Contribution Plan	45,000	46,000
401K and 403B Plans (under age 50)	15,500	15,500
401K and 403BPlans (age 50 and over)	20,500	20,500
Simple Plans - Max. employee contribution (under age 50)	10,500	10,500
Simple Plans - Max. employee contribution (age 50 and over)	13,000	13,000
Roth and Traditional *Deductible IRA's (under age 50)	4,000	5,000
Roth and Traditional *Deductible IRA's (age 50 and over)	5,000	6,000
*Amount deductible if you are not covered by a retirement plan:	4,000 or more 5,000 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	5,000
Traditional deductible spousal IRA (Age 50 and Over)	5,000	6,000
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.		
<u>21) Annual Exclusion From Gift Tax</u>	12,000	12,000
<u>22) Section 179 - First Year Expense for New Equipment Purchases</u>	125,000	250,000

2007

2008

23) Federal Income Tax Rates

2007 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	15,650
15.0%	15,650-	63,700
25.0%	63,700-	128,500
28.0%	128,500-	195,850
33.0%	195,850-	349,700
35.0%	349,700-	and greater

2007 Single:

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	7,825
15.0%	7,825-	31,850
25.0%	31,850-	77,100
28.0%	77,100-	160,850
33.0%	160,850-	349,700
35.0%	349,700-	and greater

2008 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	16,050
15.0%	16,050-	65,100
25.0%	65,100-	131,450
28.0%	131,450-	200,300
33.0%	200,300-	357,700
35.0%	357,700-	and greater

2008 Single:

	<u>Over</u>	<u>But Not Over</u>
10.0%	0-	8,025
15.0%	8,025-	32,550
25.0%	32,550-	78,850
28.0%	78,850-	164,550
33.0%	164,550-	357,700
35.0%	357,700-	and greater

24) Unified Credit - Estates and Gifts

2007-2008	\$ 2,000,000
2009	\$ 3,500,000

2010	Repealed
2011	??????????