

Here are the numbers for 2015-2016:

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

a) Social Security (OASDI)

	2015	2016
Maximum Earnings Subject	\$ 118,500	\$ 118,500
Tax Rate (Employee)	6.2%	6.2%
Maximum FICA Tax (Employee)	7,347.00	7,347.00
Tax Rate (Employer)	6.2%	6.2%
Maximum FICA Tax (Employer)	7,347.00	7,347.00
Tax Rate (Self Employed)	12.40%	12.40%
Maximum FICA (Self-Employed)	14,694.00	14,694.00

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) Medicare Tax Increases for High Income Earners

Medicare wages and self-employment income in excess of \$200,000 (single) \$250,000 (MFJ) will be subject to an extra 0.9%

Medicare tax will only be withheld from employees' wages. Employers will not match the extra tax.

There is a Medicare tax of 3.8% on investment (unearned) income for taxpayers with (MAGI) over \$200,000 (single) and \$250,00 (MFJ).

3) Standard Deduction

Joint or Qualifying Widow(er)
 Single
 Head of Household
 Married Filing Separately
 Taxpayer Claimed as Dependent
 Additional for Elderly or Blind:
 Married
 Unmarried

	2015	2016
	12,600	12,600
	6,300	6,300
	9,250	9,300
	6,300	6,300
	1,050	1,050
	1,250	1,250
	1,550	1,550
	4,000	4,050

4) Personal/Dependent Exemption

The personal exemption phaseout with starting thresholds for taxpayers making
 Threshold AGI amounts: \$309,900 joint and \$258,250 single in 2015 and \$311,300 and \$259,400 in 2016
 Exemptions are reduced by 2% for each \$2,500 by which the taxpayer's AGI exceeds the threshold
 Reduction not to exceed 80% of the otherwise allowable itemized deductions

5) Itemized Deduction Phase-out

Phase limitations to apply to "high-earners."
 Threshold AGI amounts: \$309,900 joint and \$258,250 single in 2015 and \$311,300 and \$259,400 in 2016
 Itemized deductions are reduced by 3% of the amount AGI exceeds the threshold amount, deductions.

6) 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

2,100	2,100
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7) Alternative Minimum Tax Rate

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

8) Social Security Benefits Increase

2015 **2016**

1.70% Unchanged

9) Earnings Ceiling for Social Security

Under full retirement age

Annual Total

Monthly Average

15,720 15,720

1,310 1,310

From January 1st of the year reaching full retirement age through the month the retiree reaches full retirement age

41,880 41,880

From the first day of the first full month the retiree reaches full retirement age

No Limit No Limit

10) Medicare Part B Fee (Monthly) Based on Modified Adjusted Gross Income at Various Income Levels Below

For individuals enrolled in part B prior to 2016 and receiving social security benefits

Individuals from:

Married couples from:

\$0-85,000

\$0-170,000

\$104.90 \$104.90

\$85,000-\$107,000

\$170,000-\$214,000

\$146.90 \$146.90

\$107,000-\$160,000

\$214,000-\$320,000

\$209.80 \$209.80

\$160,000-\$214,000

\$320,000-\$428,000

\$272.70 \$272.70

above \$214,000

above \$428,000

\$335.70 \$335.70

For individuals enrolled in part B for 1st time in 2015/16 and/or not receiving social security benefits

Individuals from:

Married couples from:

\$0-85,000

\$0-170,000

\$121.80 \$121.80

\$85,000-\$107,000

\$170,000-\$214,000

\$170.50 \$170.50

\$107,000-\$160,000

\$214,000-\$320,000

\$243.60 \$243.60

\$160,000-\$214,000

\$320,000-\$428,000

\$316.70 \$316.70

above \$214,000

above \$428,000

\$389.80 \$389.80

	2015	2016
<u>11) PA Income Tax Rate</u>	3.07%	3.07%
<u>12a) Philadelphia City Wage Tax</u>		
Residents 1/1-6/30	3.9200%	3.9102%
Residents 7/1-12/31	3.9102%	3.9004%
Non-Residents 1/1-6/30	3.4915%	3.4828%
Non-Residents 7/1-12/31	3.4828%	3.4741%
<u>12b) Philadelphia Income and Receipts Tax (BIRT) Exclusion</u>		
The exclusion is for gross receipts and a proportionate share of net income	\$75,000	\$100,000
<u>13) Pennsylvania Unemployment Employee Withholding Tax</u>		
Taxable Wage Base for Employer Contribution	.07%	.07%
	9,000	9,500
<u>14) NJ Unemployment Taxable Wage Base</u>	32,000	32,600
<u>14) NJ Unemployment, Disability & Family Leave Employee Taxes</u>		
Unemployment Withholding (UI)	0.3825%	0.3825%
Disability Insurance withholding (DI)	0.25%	0.20%
Family Leave Insurance (FLI)	0.09%	0.08%
<u>15) Federal Unemployment Tax (FUTA)</u>		
Wages Subject	7,000	7,000
Rate	.6%(.006)	.6%(.006)
Cost for each employee earning \$7,000 or more	42.00	42.00
<u>16) Federal, PA & DE Minimum Wage</u>	\$7.25	\$7.25
NJ Minimum Wage	8.38	8.38

17) Deduction Limits for Automobiles**Luxury Autos**

	2015	2016
First year	11,160*	11,160*
Second year	5,100	5,100
Third year	3,050	3,050
Thereafter	1,875	1,875

Light Trucks, Vans and SUV's

First Year	11,460*	11,460*
Second Year	5,600	5,600
Third Year	3,350	3,350
Thereafter	1,975	1,975

*Includes \$8,000 1st year bonus depreciation.

18) Retirement Plans

Maximum wage eligible for Defined Contribution Plan	265,000	265,000
Maximum contribution percentage - SEP/Profit Sharing	25%	25%
Maximum contribution percentage - defined contribution	100%	100%

Maximum Contribution Amounts:

Defined Benefit Plan	210,000	210,000
Defined Contribution Plan	53,000	53,000
401K and 403B Plans (under age 50)	18,000	18,000
401K and 403BPlans (age 50 and over)	24,000	24,000
Simple Plans - Max. employee contribution (under age 50)	12,500	12,500
Simple Plans - Max. employee contribution (age 50 and over)	15,500	15,500
Traditional *Deductible IRA's (under age 50)	5,500	5,500
Traditional *Deductible IRA's (age 50 and over)	6,500	6,500

**AGI level at which Deductible IRA phases out if you are covered by a retirement plan:*

Married Filing Jointly or qualifying widower
 Single or Head of Household
 Married Filing Separately

	2015	2016
Married Filing Jointly or qualifying widower	\$98-118,000	\$98-118,000
Single or Head of Household	\$61-71,000	\$61-71,000
Married Filing Separately	0-\$10,000	0-\$10,000
Roth IRA's (under age 50)	5,500	5,500
Roth IRA's (age 50 and over)	6,500	6,500

Roth IRA's (under age 50)

Roth IRA's (**age 50 and over**)

Generally, you can contribute to a Roth IRA if you have taxable compensation and your modified AGI is less than:

- \$183,000 in 2015 and 2016 for married filing jointly or qualifying widow(er),
- \$116,000 in 2015 and 2016 for single, head of household, or married filing separately
- \$10,000 for married filing separately and you lived with your spouse at any time during the year.

A married taxpayer not in a retirement plan can make a deductible IRA contribution, even if spouse is covered by a retirement plan. This phases out with with AGI from \$183,000 to \$193,000.

19) Standard Mileage Allowance - Cents per Mile

Business Use
 Medical and Moving
 Charity

Business Use	57.5	54
Medical and Moving	23	19
Charity	14	14

20) Annual Exclusion From Gift Tax

Annual Exclusion From Gift Tax	14,000	14,000
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21) Section 179 - First Year Expense for New Equipment Purchases

Section 179 - First Year Expense for New Equipment Purchases	500,000	500,000
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22) Estate Tax Rates and Exclusions

Estate Tax Maximum Rate
 Lifetime Exclusion

Estate Tax Maximum Rate	40%	40%
Lifetime Exclusion	\$5,430,000	\$5,450,000

23) Capital Gain & Qualified Dividend Tax Rates

Taxpayers with AGI **below** \$413,200 (\$464,850 for MFJ)
 Taxpayers with AGI **exceeding amounts above**

	2015	2016
	15%	15%
	20%	20%

24) Federal Individual Income Tax Rates

2015 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	18,450
15%	18,450	74,900
25%	74,900	151,200
28%	151,200	230,450
33%	230,450	411,500
35%	411,500	464,850
39.6%	464,850	and greater

2015 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	9,225
15%	9,225	37,450
25%	37,450	90,750
28%	90,750	189,300
33%	189,301	411,500
35%	411,500	413,200
39.6%	413,200	and greater

2016 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	18,550
15%	18,551	75,300
25%	75,301	151,900
28%	151,901	231,450
33%	231,451	413,350
35%	413,351	466,950
39.6%	466,951	and greater

2016 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	9,275
15%	9,276	37,650
25%	37,651	91,150
28%	91,151	190,150
33%	190,151	413,350
35%	413,351	415,050
39.6%	415,051	and greater