

Here are the numbers for 2017-2018:

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

a) Social Security (OASDI)

	2017	2018
Maximum Earnings Subject	\$ 127,200	\$ 128,400
Tax Rate (Employee)	6.2%	6.2%
Maximum FICA Tax (Employee)	7,886.40	7,960.80
Tax Rate (Employer)	6.2%	6.2%
Maximum FICA Tax (Employer)	7,886.40	7,960.80
Tax Rate (Self Employed)	12.40%	12.40%
Maximum FICA (Self-Employed)	15,772.80	15,921.60

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).

	<u>2017</u>	<u>2018</u>
<u>3) Standard Deduction</u>		
Joint or Qualifying Widow(er)	12,700	24,000
Single	6,350	12,000
Head of Household	9,350	18,000
Married Filing Separately	6,350	12,000
Taxpayer Claimed as Dependent	1,050	1,050
Additional for Elderly or Blind:		
Married	1,250	1,300
Unmarried	1,550	1,600
<u>4) Personal/Dependent Exemption - Eliminated effective 2018</u>	4,050	0

5) Itemized Deduction - Changes for 2018

- Total state and local sales, income and property taxes combined are limited to \$10,000 (\$5,000 for married filing separate)
- The home mortgage interest deduction has been reduced to \$750,000 of acquisition indebtedness (formerly \$1,000,000)
- The percentage limit for charitable cash donations has been increased to 60% of your AGI (formerly 50%)
- Job expenses and misc. deductions subject to 2% AGI floor have been eliminated, including work related expenses such as unreimbursed travel and mileage, uniforms, tools, supplies, tax preparation and investment expenses.
- The floor for medical and dental expenses is 7.5% of AGI
- The deduction for casualty and theft losses has been repealed except for losses in federal disaster areas

"Phase" limitations for phase-outs of itemized deductions to "high-earners" have been repealed for 2018

6) Unearned Income - Kiddie Tax- Now applies to Students under age 24

2,100	2,100
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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

7) Child Tax Credit doubled for 2018 with much higher income thresholds

The child tax credit has been expanded to \$2,000 per qualifying child and is refundable up to \$1,400, subject to phaseouts.

Phaseouts, begin with AGI of more than \$400,000 for married taxpayers filing jointly and more than \$200,000 for all other taxpayers.

8) Social Security Benefits Increase

2017	2018
0.30%	2.00%

9) Earnings Ceiling for Social Security

Under full retirement age

Annual Total

Monthly Average

16,920	17,040
1,410	1,420

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

44,880	45,360
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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

Individuals from:

Married couples from:

\$0-85,000
\$85,000-\$107,000
\$107,000-\$133,500
\$133,500-\$160,000
above \$160,000

\$0-170,000
\$170,000-\$214,000
\$214,000-\$267,000
\$267,000-\$320,000
above \$320,000

\$134.00
\$187.50
\$267.90
\$348.30
\$428.60

11) PA Income Tax Rate

3.07%	3.07%
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12) Philadelphia City Wage Tax

Residents 1/1-6/30

Residents 7/1-12/31

Non-Residents 1/1-6/30

Non-Residents 7/1-12/31

3.9004%	3.8907%
3.8907%	3.8809%
3.4741%	3.4654%
3.4654%	3.4567%

13) Pennsylvania Unemployment Employee Withholding Tax

Employee Withholding Rate

Taxable Wage Base for Employer Contribution

.07%	.06%
9,750	10,000

2017	2018
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14) NJ Unemployment, Disability & Family Leave Employee Taxes

Taxable Wage Base	33,500	33,700
Unemployment Withholding (UI)	0.3825%	0.3825%
Disability Insurance withholding (DI)	0.24%	0.19%
Family Leave Insurance (FLI)	0.10%	0.09%

15) Federal Unemployment Tax (FUTA)

Wages Subject	7,000	7,000
Rate	.6%(.006)	.6%(.006)
Cost for each employee earning \$7,000 or more	42.00	42.00

16) Federal, PA & DE Minimum Wage

Pennsylvania Minimum Wage	\$7.25	\$7.25
NJ Minimum Wage	\$8.44	\$8.60

17) Deduction Limits for Automobiles**Passenger car, Light Trucks, Vans and SUV's**

First year	11,160	18,000
Second year	5,100	16,000
Third year	3,050	9,600
Thereafter	1,875	5,760

18) Retirement Plans

	2017	2018
Maximum wage eligible for Defined Contribution Plan	270,000	275,000
Maximum contribution percentage - SEP/Profit Sharing	25%	25%
Maximum contribution percentage - defined contribution	100%	100%

Maximum Contribution Amounts:

Defined Benefit Plan	215,000	220,000
Defined Contribution Plan	54,000	55,000
401K and 403B Plans (under age 50)	18,000	18,500
401K and 403BPlans (age 50 and over)	24,000	24,500
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	\$99-119,000	\$101-121,000
Single or Head of Household	\$62-72,000	\$63-73,000
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

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

- \$199,000 in 2018 for married filing jointly or qualifying widow(er),
- \$135,000 in 2018 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 \$189,000 to \$199,000.

	<u>2017</u>	<u>2018</u>
<u>19) Standard Mileage Allowance - Cents per Mile</u>		
Business Use	53.5	54.5
Medical and Moving	17	18
Charity	14	14
<u>20) Annual Exclusion From Gift Tax</u>		
	14,000	15,000
<u>21) Section 179 - First Year Expense for New Equipment Purchases</u>		
	510,000	1,000,000
<ul style="list-style-type: none"> • For 2018, the law also expands the definition of section 179 property to allow the taxpayer to elect to include qualified improvements made to the interior of nonresidential real property (with some exceptions) after the date when the property was first placed in service. • Additionally, for 2018 the IRS has increased "bonus depreciation" to 100% of the cost of an expanded list of qualified assets 		
<u>22) Estate Tax Rates and Exclusions</u>		
Estate Tax Maximum Rate	40%	40%
Lifetime Exclusion	\$5,490,000	\$5,600,000
<u>23) Capital Gain & Qualified Dividend Tax Rates</u>		
Taxpayers with AGI below \$425,800 (\$479,000 for MFJ)	15%	15%
Taxpayers with AGI exceeding amounts above	20%	20%

24) Federal Individual Income Tax Rates

2017 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	18,650
15%	18,651	75,900
25%	75,901	153,100
28%	153,101	233,350
33%	233,351	416,700
35%	416,701	470,700
39.6%	470,701	and greater

2017 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	9,325
15%	9,326	37,950
25%	37,951	91,900
28%	91,901	191,650
33%	191,651	416,700
35%	416,701	418,400
39.6%	418,401	and greater

2018 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	19,050
12%	19,051	77,400
22%	77,401	165,000
24%	165,001	315,000
32%	315,001	400,000
35%	400,001	600,000
37.0%	600,001	and greater

2018 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	9,525
12%	9,526	38,700
22%	38,701	82,500
24%	82,501	157,500
32%	157,501	200,000
35%	200,001	500,000
37.0%	500,001	and greater