

Here are the numbers for 2018-2019:

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

a) Social Security (OASDI)

	2018	2019
Maximum Earnings Subject	\$ 128,400	\$ 132,900
Tax Rate (Employee)	6.2%	6.2%
Maximum FICA Tax (Employee)	7,960.80	8,239.80
Tax Rate (Employer)	6.2%	6.2%
Maximum FICA Tax (Employer)	7,960.80	8,239.80
Tax Rate (Self Employed)	12.40%	12.40%
Maximum FICA (Self-Employed)	15,921.60	16,479.60

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).

3) Standard Deduction

	2018	2019
Joint or Qualifying Widow(er)	24,000	24,400
Single	12,000	12,200
Head of Household	18,000	18,350
Married Filing Separately	12,000	12,200
Taxpayer Claimed as Dependent	1,050	1,100
Additional for Elderly or Blind:		
Married	1,300	1,300
Unmarried	1,600	1,650

4) 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 subect to 2% AGI floor have ben 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 10% of AGI
- The deduction for casualty and theft losses has been repealed except for losses in federal disaster areas

"Pease" limitations for phase-outs of itemized deductions to "high-earners" have been repealed for 2018

5) Child Tax Credit

Maximum Credit subject to phaseouts	2,000	2,000
Maximum Refundalbe Credit subject to phaseouts	1,400	1,400

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

6) Social Security Benefits Increase

	2.00%	2.80%
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7) Earnings Ceiling for Social Security

	2018	2019
Under full retirement age		
Annual Total	17,040	17,640
Monthly Average	1,420	1,470
From January 1st of the year reaching full retirement age through the month the retiree reaches full retirement age	45,360	46,920
From the first day of the first full month the retiree reaches full retirement age	No Limit	No Limit

8) 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	\$134.00	\$135.50
\$85,000-\$107,000	\$170,000-\$214,000	\$187.50	\$189.60
\$107,000-\$133,500	\$214,000-\$267,000	\$267.90	\$270.90
\$133,500-\$160,000	\$267,000-\$320,000	\$348.30	\$352.20
\$160,000-500,000	\$320,000-\$750,000	\$428.60	\$433.40
above \$500,000	above \$750,000 ***New higher bracket for 2019	\$428.60	\$460.50

9) PA Income Tax Rate

3.07%	3.07%
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10) Philadelphia City Wage Tax

Residents 1/1-6/30	3.8907%	3.8809%
Residents 7/1-12/31	3.8809%	3.8712%
Non-Residents 1/1-6/30	3.4654%	3.4567%
Non-Residents 7/1-12/31	3.4567%	3.4481%

11) Pennsylvania Unemployment Employee Withholding Tax

Employee Withholding Rate	.06%	.06%
Taxable Wage Base for Employer Contribution	10,000	10,000

12) NJ Unemployment, Disability & Family Leave Employee Taxes

	<u>2018</u>	<u>2019</u>
Taxable Wage Base	33,700	34,400
Unemployment Withholding (UI)	0.3825%	0.3825%
Disability Insurance withholding (DI)	0.19%	0.17%
Workforce Development (WF/SWF)	0.0425%	0.0425%
Family Leave Insurance (FLI)	0.09%	0.08%

13) 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

14) Federal, PA & DE Minimum Wage

Pennsylvania Minimum Wage	\$7.25	\$7.25
NJ Minimum Wage	\$8.60	\$8.85

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

First year	18,000	18,100
Second year	16,000	16,100
Third year	9,600	9,700
Thereafter	5,760	5,760

16) Retirement Plans

	2018	2019
Maximum wage eligible for Defined Contribution Plan	275,000	280,000
Maximum contribution percentage - SEP/Profit Sharing	25%	25%
Maximum contribution percentage - defined contribution	100%	100%

Maximum Contribution Amounts:

Defined Benefit Plan	220,000	225,000
Defined Contribution Plan	55,000	56,000
401K and 403B Plans (under age 50)	18,500	19,000
401K and 403BPlans (age 50 and over)	24,500	25,000
Simple Plans - Max. employee contribution (under age 50)	12,500	13,000
Simple Plans - Max. employee contribution (age 50 and over)	15,500	16,000
Traditional *Deductible IRA's (under age 50)	5,500	6,000
Traditional *Deductible IRA's (age 50 and over)	6,500	7,000

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

Married Filing Jointly or qualifying widower	\$101-121,000	\$103-123,000
Single or Head of Household	\$63-73,000	\$64-74,000
Married Filing Separately	0-\$10,000	0-\$10,000

Roth IRA's (under age 50)	5,500	6,000
Roth IRA's (age 50 and over)	6,500	7,000

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

\$203,000 in 2019 for married filing jointly or qualifying widow(er),

\$137,000 in 2019 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>2018</u>	<u>2019</u>
<u>17) Standard Mileage Allowance - Cents per Mile</u>		
Business Use	54.5	58
Medical and Moving	18	20
Charity	14	14
<u>18) Annual Exclusion From Gift Tax</u>	15,000	15,000
<u>19) Section 179 - First Year Expense for New Equipment Purchases</u>	1,000,000	1,000,000
• The law has expanded 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.		
• The IRS now allows "bonus depreciation" for 100% of the cost of an expanded list of qualified assets, but many States including PA do not		
<u>20) Capital Gain & Qualified Dividend Tax Rates</u>		
Taxpayers with AGI below \$434,550 (\$488,850 for MFJ)	15%	15%
Taxpayers with AGI exceeding amounts above	20%	20%

21) Federal Individual Income Tax Rates

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

2019 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	19,400
12%	19,401	78,950
22%	78,951	168,400
24%	168,401	321,450
32%	321,451	408,200
35%	408,201	612,350
37.0%	612,351	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

2019 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	9,700
12%	9,701	39,475
22%	39,476	84,200
24%	84,201	160,725
32%	160,726	204,100
35%	204,101	510,300
37.0%	510,301	and greater