

Here are the numbers for 2019-2020:

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

a) Social Security (OASDI)

	2019	2020
Maximum Earnings Subject	\$ 132,900	\$ 137,700
Tax Rate (Employee)	6.2%	6.2%
Maximum FICA Tax (Employee)	8,239.80	8,537.40
Tax Rate (Employer)	6.2%	6.2%
Maximum FICA Tax (Employer)	8,239.80	8,537.40
Tax Rate (Self Employed)	12.40%	12.40%
Maximum FICA (Self-Employed)	16,479.60	17,074.80

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

	2019	2020
Joint or Qualifying Widow(er)	24,400	24,800
Single	12,200	12,400
Head of Household	18,350	18,650
Married Filing Separately	12,200	12,400
Taxpayer Claimed as Dependent	1,100	
Additional for Elderly or Blind:		
Married	1,300	1,300
Unmarried	1,650	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 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- The deduction for casualty and theft losses has been repealed except for losses in federal disaster areas

5) Child Tax Credit

	2,000	2,000
Maximum Credit subject to phaseouts	1,400	1,400
Maximum Refundable Credit 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.

	2019	2020
<u>6) Social Security Benefits Increase</u>	2.80%	1.60%
<u>7) Earnings Ceiling for Social Security</u>		
Under full retirement age		
Annual Total	17,640	18,240
Monthly Average	1,470	1,520
From January 1st of the year reaching full retirement age through the month the retiree reaches full retirement age	46,920	48,600
From the first day of the first full month the retiree reaches full retirement age	No Limit	No Limit
<u>8) Medicare Part B Fee (Monthly) Based on Modified Adjusted Gross Income at Various Income Levels Below</u>		
<i>Individuals from:</i>		
\$0-87,000	\$135.50	\$144.60
\$87,000-\$109,000	\$189.60	\$202.40
\$109,000-\$136,000	\$270.90	\$289.20
\$136,000-\$163,000	\$352.20	\$376.00
\$163,000-500,000	\$433.40	\$462.70
above \$500,000	\$460.50	\$491.60
<i>Married couples from:</i>		
\$0-174,000	\$135.50	\$144.60
\$174,000-\$218,000	\$189.60	\$202.40
\$218,000-\$272,000	\$270.90	\$289.20
\$272,000-\$326,000	\$352.20	\$376.00
\$326,000-\$750,000	\$433.40	\$462.70
above \$750,000	\$460.50	\$491.60
<u>9) PA Income Tax Rate</u>	3.07%	
<u>10) Philadelphia City Wage Tax</u>		
Residents 1/1-6/30	3.8809%	3.8712%
Residents 7/1-12/31	3.8712%	TBD
Non-Residents 1/1-6/30	3.4567%	3.4481%
Non-Residents 7/1-12/31	3.4481%	TBD
<u>11) Pennsylvania Unemployment Employee Withholding Tax</u>		
Employee Withholding Rate	.06%	.06%
Taxable Wage Base for Employer Contribution	10,000	10,000

	2019	2020
<u>12) NJ Unemployment, Disability & Family Leave Employee Taxes</u>		
Taxable Wage Base	34,400	35,300
Unemployment Withholding (UI)	0.3825%	0.3825%
Disability Insurance withholding (DI)	0.17%	0.26%
Workforce Development (WF/SWF)	0.0425%	0.0425%
Family Leave Insurance (FLI) (Wage Base increased to \$135,900 for 2020)	0.08%	0.16%
<u>13) 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>14) Federal, PA & DE Minimum Wage</u>		
Pennsylvania Minimum Wage	\$7.25	\$7.25
NJ Minimum Wage	\$8.85	\$11.00
<u>15) Deduction Limits for Automobiles</u>		
<u>Passenger car, Light Trucks, Vans and SUV's</u>		
First year	18,100	TBD
Second year	16,100	TBD
Third year	9,700	TBD
Thereafter	5,760	TBD

16) Retirement Plans

	2019	2020
Maximum wage eligible for Defined Contribution Plan	280,000	285,000
Maximum contribution percentage - SEP/Profit Sharing	25%	25%
Maximum contribution percentage - defined contribution	100%	100%

Maximum Contribution Amounts:

Defined Benefit Plan	225,000	230,000
Defined Contribution Plan	56,000	57,000
401K and 403B Plans (under age 50)	19,000	19,500
401K and 403BPlans (age 50 and over)	25,000	26,000
Simple Plans - Max. employee contribution (under age 50)	13,000	13,500
Simple Plans - Max. employee contribution (age 50 and over)	16,000	16,500
Traditional *Deductible IRA's (under age 50)	6,000	6,000
Traditional *Deductible IRA's (age 50 and over)	7,000	7,000

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

Married Filing Jointly or qualifying widower	\$103-123,000	\$104-124,000
Single or Head of Household	\$64-74,000	\$65-75,000
Married Filing Separately	0-\$10,000	0-\$10,000

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

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

\$206,000 in 2020 for married filing jointly or qualifying widow(er),

\$139,000 in 2020 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>2019</u>	<u>2020</u>
<u>17) Standard Mileage Allowance - Cents per Mile</u>		
Business Use	58	57.5
Medical and Moving	20	17
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	1,040,000
• 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 \$441,500 (\$496,600 for MFJ) in 2020	15%	15%
Taxpayers with AGI exceeding amounts above	20%	20%

21) Federal Individual Income Tax Rates**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

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

2020 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	19,750
12%	19,751	80,250
22%	80,251	171,050
24%	171,051	326,600
32%	326,601	414,700
35%	414,701	622,050
37.0%	622,051	and greater

2020 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	9,875
12%	9,876	40,125
22%	40,126	85,525
24%	85,526	163,300
32%	163,301	207,350
35%	207,351	518,400
37.0%	518,401	and greater