

Here are the numbers for 2021-2022:

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

a) Social Security (OASDI)

Maximum Earnings Subject
 Tax Rate (Employee)
 Maximum FICA Tax (Employee)
 Tax Rate (Employer)
 Maximum FICA Tax (Employer)
 Tax Rate (Self Employed)
 Maximum FICA (Self-Employed)

	2021	2022
	\$ 142,800	\$ 147,000
	6.2%	6.2%
	8,853.60	9,114.00
	6.2%	6.2%
	8,853.60	9,114.00
	12.40%	12.40%
	17,707.20	18,228.00

b) Medicare Tax

Maximum Earnings Subject
 Tax Rate (Employee)
 Maximum Medicare Tax (Employee)
 Tax Rate (Self Employed)
 Maximum Medicare (Self-Employed)

	No Ceiling	No Ceiling
	1.45%	1.45%
	No Limit	No Limit
	2.90%	2.90%
	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), and \$125,000 (married filing separately) 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), \$250,000 (MFJ), and \$125,000 (married filing separately).

	2021	2022
<u>3) Standard Deduction</u>		
Joint or Qualifying Widow(er)	25,100	25,900
Single	12,550	12,950
Head of Household	18,800	19,400
Married Filing Separately	12,550	12,950
Taxpayer Claimed as Dependent		
Additional for Elderly or Blind:		
Married	1,350	1,400
Unmarried	1,700	1,750
<u>4) Child Tax Credit (significantly expanded in 2021)</u>		
Maximum Credit under age 6 subject to phaseouts	3,600	2,000
Maximum Credit ages 6-17 subject to phaseouts	3,000	2,000
Maximum Refundable Credit subject to phaseouts	No Phaseout	1,400
Individuals earning up to \$75,000 per year, heads of household earning up to \$112,500 per year and joint filers earning up to \$150,000 per year receive full credit		
The amount of the payments will phase out by \$50 for every \$1,000 in adjusted gross income above those thresholds.		
Increased child care credit of \$3,600 and \$3,000 expired 12/31/21 and reverts back to 2020 numbers, subject to new legislation.		
<u>5) Social Security Benefits Increase</u>		
	1.30%	5.90%
<u>6) Earnings Ceiling for Social Security</u>		
Under full retirement age		
Annual Total	18,960	19,560
Monthly Average	1,580	1,630
From January 1st of the year reaching full retirement age through the month the retiree reaches full retirement age	50,520	51,960
From the first day of the first full month the retiree reaches full retirement age	No Limit	No Limit

		2021	2022
<u>7) Medicare Part B Fee (Monthly) Based on Modified Adjusted Gross Income at Various Income Levels Below</u>			
<i>Individuals from:</i>	<i>Married couples from:</i>		
\$0-91,000	\$0-182,000	\$148.50	\$170.10
\$91,000-\$114,000	\$182,000-\$228,000	\$207.90	\$238.10
\$114,000-\$142,000	\$228,000-\$284,000	\$297.00	\$340.20
\$142,000-\$170,000	\$284,000-\$340,000	\$386.10	\$442.30
\$170,000-500,000	\$340,000-\$750,000	\$475.20	\$544.30
above \$500,000	above \$750,000	\$504.90	\$578.30
<u>8) PA Income Tax Rate</u>			
		3.07%	3.07%
<u>9) Philadelphia City Wage Tax</u>			
Residents 1/1-6/30		3.8712%	3.8398%
Residents 7/1-12/31		3.8398%	3.7900%
Non-Residents 1/1-6/30		3.5019%	3.4481%
Non-Residents 7/1-12/31		3.4481%	3.4400%
<u>10) Pennsylvania Unemployment Employee Withholding Tax</u>			
Employee Withholding Rate		.06%	.06%
Taxable Wage Base for Employer Contribution		10,000	10,000
<u>11) NJ Unemployment, Disability & Family Leave Employee Taxes</u>			
Taxable Wage Base		36,200	39,800
Unemployment Withholding (UI)		0.3825%	0.3825%
Disability Insurance withholding (DI)		0.47%	0.14%
Workforce Development (WF/SWF)		0.0425%	0.0425%
Family Leave Insurance (FLI) (Wage Base increased to \$138,200 for 2020)		0.28%	0.14%

12) Federal Unemployment Tax (FUTA)

Wages Subject
Rate
Cost for each employee earning \$7,000 or more

2021	2022
7,000	7,000
.6%(.006)	.6%(.006)
42.00	42.00

13) Federal, PA & DE Minimum Wage

Pennsylvania Minimum Wage
NJ Minimum Wage

2021	2022
\$7.25	\$7.25
\$12.00	\$13.00

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

First year
Second year
Third year
Thereafter

18,200	19,200
16,400	18,000
9,800	10,800
5,860	6,460

15) Retirement Plans

Maximum wage eligible for Defined Contribution Plan
Maximum contribution percentage - SEP/Profit Sharing
Maximum contribution percentage - Defined Contribution

290,000	305,000
25%	25%
100%	100%

Maximum Contribution Amounts:

Defined Benefit Plan
Defined Contribution Plan
401K and 403B Plans (under age 50)
401K and 403BPlans (**age 50 and over**)
Simple Plans - Max. employee contribution (under age 50)
Simple Plans - Max. employee contribution (**age 50 and over**)

230,000	245,000
58,000	61,000
19,500	20,500
26,000	27,000
13,500	14,000
16,500	17,000

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15) Retirement Plans - continued

	2021	2022
Traditional *Deductible IRA's (under age 50)	6,000	6,000
Traditional *Deductible IRA's (age 50 and over)	7,000	7,000
<i>*AGI level at which Deductible IRA phases out if you are covered by a retirement plan:</i>		
Married Filing Jointly or qualifying widower	\$105-125,000	\$109-129,000
Single or Head of Household	\$66-76,000	\$68-78,000
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:
 \$214,000 in 2022 for married filing jointly or qualifying widow(er),
 \$144,000 in 2022 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 AGI from \$204,000 to \$214,000.

16) Standard Mileage Allowance - Cents per Mile

Business Use 1/1-6/30	56	58.5
Business Use 7/1-12/31	56	62.5
Medical and Moving 1/1-6/30	18	18
Medical and Moving 7/1-12/31	18	22
Charity	14	14

17) Annual Exclusion From Gift Tax

	15,000	16,000
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	<u>2021</u>	<u>2022</u>
<u>18) Section 179 - First Year Expense for New Equipment Purchases</u>	1,050,000	1,080,000

- 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.

Bonus depreciation is scheduled to be reduced to 80% in 2023, 60% in 2024, 40% in 2025, 20% in 2026 and will be eliminated in 2027

19) Capital Gain & Qualified Dividend Tax Rates

Taxpayers with AGI below \$41,675 (\$83,350 for MFJ) in 2022	0%	0%
Taxpayers with AGI from \$41,676-\$459,750 (\$83,351-\$517,200 for MFJ) in 2022	15%	15%
Taxpayers with AGI exceeding \$459,750 (\$517,200 for MFJ)	20%	20%

20) Federal Individual Income Tax Rates

2021 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	19,900
12%	199,901	81,050
22%	81,051	172,750
24%	172,751	329,850
32%	329,851	418,850
35%	418,851	628,300
*37%	*628,301	and greater

2021 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	9,951
12%	9,951	40,526
22%	40,526	86,376
24%	86,376	164,926
32%	164,926	209,426
35%	209,426	523,600
**37%	**523,601	and greater

2022 Married Filing Jointly:

	<u>Over</u>	<u>But Not Over</u>
10%	0	20,550
12%	20,551	83,550
22%	83,551	178,150
24%	178,151	340,100
32%	340,101	431,900
35%	431,901	647,850
*37%	*647,851	and greater

2022 Single:

	<u>Over</u>	<u>But Not Over</u>
10%	0	10,275
12%	10,276	41,775
22%	41,776	89,075
24%	89,076	170,050
32%	170,051	215,950
35%	215,951	539,900
**37%	**539,901	and greater