

| | 2012 | 2011 | 2010 |
|---|-----------------------|-----------------------|-----------------------|
| FICA / MEDICARE & SELF-EMPLOYMENT TAX | | | |
| Taxable wages for social security / Medicare | Up to \$110,100/All | Up to \$106,800/All | Up to \$106,800/All |
| Maximum social security / Medicare tax | \$6,826.20 / No Limit | \$4,485.60 / No Limit | \$6,621.60 / No Limit |
| Social security / Medicare tax rate (employees)(4.2% thru 2/29/12) | (4.2%) 6.20% / 1.45% | 4.20% / 1.45% | 6.20% / 1.45% |
| Social security / Medicare tax rate (employers) | 6.20% / 1.45% | 6.20% / 1.45% | 6.20% / 1.45% |
| Social security / Medicare tax rate (self-employed) | 12.4% / 2.9% | 10.4% / 2.9% | 12.4% / 2.9% |
| FUTA (Federal Unemployment Tax) | | | |
| Taxable wage base | \$7,000 | \$7,000 | \$7,000 |
| Maximum contributions | \$42 | \$56 | \$56 |
| Net tax rate | 0.6% (.006) | 0.8% (.008) | 0.8% (.008) |
| Net tax rate as of 07/01/2011 | | 0.6% (.006) | |
| SOCIAL SECURITY EARNINGS LIMIT | | | |
| Under Full Retirement Age (age 65 - 67 depending on D.O.B.) | \$14,640 | \$14,160 | \$14,160 |
| Over Full Retirement Age | No limit | No limit | No limit |
| IRA CONTRIBUTION LIMIT | | | |
| | \$5,000 | \$5,000 | \$5,000 |
| 50 & over catch-up | \$1,000 | \$1,000 | \$1,000 |
| SIMPLE DEFERRAL LIMIT | | | |
| | \$11,500 | \$11,500 | \$11,500 |
| 50 & over catch-up | \$2,500 | \$2,500 | \$2,500 |
| 401(k) DEFERRAL LIMIT | | | |
| | \$17,000 | \$16,500 | \$16,500 |
| 50 & over catch-up | \$5,500 | \$5,500 | \$5,500 |
| SELF-EMPLOYED HEALTH INSURANCE DEDUCTION | | | |
| | 100% | 100% | 100% |
| SECTION 179 DEDUCTION | | | |
| | \$139,000 | \$500,000 | \$500,000 |
| KIDDIE TAX UNEARNED INCOME MAXIMUM | | | |
| | \$1,900 | \$1,900 | \$1,900 |
| EDUCATION LOAN INTEREST DEDUCTION | | | |
| | \$2,500 | \$2,500 | \$2,500 |
| HIGHER EDUCATION DEDUCTION | | | |
| | \$0 | \$4,000 | \$4,000 |
| EDUCATION SAVINGS ACCOUNT CONTRIBUTION | | | |
| | \$2,000 | \$2,000 | \$2,000 |
| ESTATE TAX EXCLUSION | | | |
| | \$5,120,000 | \$5,000,000 | Suspended |
| TOP ESTATE TAX RATE | | | |
| | 35% | 35% | Suspended |
| ANNUAL GIFT EXCLUSION | | | |
| | \$13,000 | \$13,000 | \$13,000 |
| STANDARD MILEAGE RATE | | | |
| | | Jan-June / July-Dec | |
| Business | 55.5¢ | 51¢ / 55.5¢ | 50¢ |
| Charitable activities | 14¢ | 14¢ / 14¢ | 14¢ |
| Medical/Moving expense | 23¢ | 19¢ / 23.5¢ | 16.5¢ |
| PHASE-OUT INCOME LEVELS FOR: | | | |
| IRA DEDUCTIBILITY (WITH COMPANY PENSION) | | | |
| Single/Head of Household | \$58,000 - 68,000 | \$56,000 - 66,000 | \$56,000 - 66,000 |
| Joint (taxpayer has company pension) | \$92,000 - 112,000 | \$90,000 - 110,000 | \$89,000 - 109,000 |
| Married filing separately | \$0 -10,000 | \$0 -10,000 | \$0 -10,000 |
| ROTH IRA ELIGIBILITY | | | |
| Single/Head of Household | \$110,000 - 125,000 | \$107,000 - 122,000 | \$105,000 - 120,000 |
| Joint | \$173,000 - 183,000 | \$169,000 - 179,000 | \$167,000 - 177,000 |
| Married filing separately | \$0 - 10,000 | \$0 - 10,000 | \$0 - 10,000 |
| Rollover of regular IRA to Roth IRA (not allowed for married filing separately) | No limit | No limit | No limit |
| LIFETIME LEARNING CREDITS | | | |
| Single/Head of Household | \$52,000 - 62,000 | \$50,000 - 60,000 | \$50,000 - 60,000 |
| Joint | \$104,000 - 124,000 | \$100,000 - 120,000 | \$100,000 - 110,000 |
| Married filing separately | 0 | 0 | 0 |
| AMERICAN OPPORTUNITY CREDIT | | | |
| Single/Head of Household | \$80,000 - 90,000 | \$80,000 - 90,000 | \$80,000 - 90,000 |
| Joint | \$160,000 - 180,000 | \$160,000 - 180,000 | \$160,000 - 180,000 |
| Married filing separately | 0 | 0 | 0 |

STATE RATES:

PENNSYLVANIA WITHHOLDING - 3.07%

PENNSYLVANIA UNEMPLOYMENT

Employer unemployment taxable wage base for employees - \$8,000
Employee unemployment tax w/h rate .08% (.0008) on ALL wages paid - no wage limit

NEW JERSEY WITHHOLDING

Graduated from 1.5 to 9.9%

NEW JERSEY UNEMPLOYMENT

Employer unemployment taxable wage base for employees - \$30,300
Employee unemployment tax withholding rate - 0.705%
(.0425 Workforce Development, .2000 Disability, .3825 Unemployment, .0800 Family Leave)

DELAWARE WITHHOLDING

Graduated from 2.2% to 6.75% for annual wages paid in excess of \$2,000

DELAWARE UNEMPLOYMENT

Employer taxable wage base for employees - \$10,500

MINIMUM WAGE RATES:

FEDERAL - \$7.25

PENNSYLVANIA - \$7.25

NEW JERSEY - \$7.25

DELAWARE - \$7.25

FLORIDA - \$7.67

FEDERAL - WITH TIPS - \$2.13

PENNSYLVANIA - WITH TIPS - \$2.83

NEW JERSEY - WITH TIPS - \$2.13

DELAWARE - WITH TIPS - \$2.23

FLORIDA - WITH TIPS - \$4.65

NEW HIRE REPORTING:

Pennsylvania, New Jersey, Florida and Delaware employers are required to report to the state basic information about newly hired or rehired employees.

PHILADELPHIA WAGE TAX (1/01/12 - 6/30/12):

Philadelphia Resident - 3.928%

Philadelphia Non-Resident - 3.4985%

FEDERAL TAX DEPOSITORY RULES:

MONTHLY - If the accumulated tax liability is less than or equal to \$50,000 for the annual base period, deposit monthly by the 15th of the following month regardless of what day of the week the payroll is paid.

SEMI-WEEKLY - If the accumulated tax liability is more than \$50,000 for the annual base period and

* payroll check date is Wed, Thur, Fri, deposit by the following Wednesday.

* payroll check date is Sat, Sun, Mon or Tues, deposit by the following Friday.

EXCEPTIONS:

* De minimis Rule - If the accumulated tax liability is less than \$2,500 for the quarter, remit the liability with the quarterly tax return.

* \$100,000 Rule - If the accumulated tax liability is \$100,000 or more, deposit the liability on the next banking day.

ANNUAL BASE PERIOD:

To determine which deposit schedule applies, look back at employment tax reported during the period July 1, 2010 through June 30, 2011

ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS)

Effective January 1, 2011, paper coupons are no longer accepted. Tax deposits must be made through EFTPS (Electronic Federal Tax Payment System) utilizing either the Internet or telephone. This requirement applies to corporate income tax, estimated corporate income tax, employment taxes (FUTA, FICA, withholding), and excise taxes. Taxpayers are subject to a 10% penalty for failure to deposit by EFTPS. The only exception to this is if the taxpayer is remitting less than \$2,500 in employment taxes for the entire quarter.