

2018 Tax Facts

Updated: January 02, 2018



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(215) 675-8364

PAYROLL

	2018	2017
FICA / MEDICARE & SELF-EMPLOYMENT TAX		
Taxable wages for social security / Medicare	Up to \$128,400 / All	Up to \$127,200 / All
Maximum social security / Medicare tax	\$7,960.80 / No Limit	\$7,886.40 / No Limit
Social Security / Medicare tax rate (Employee - wages under \$200K)	6.20% / 1.45%	6.20% / 1.45%
Medicare tax rate (Employee > \$200K single, \$250K MFJ, \$125K MFS)	2.35%	2.35%
Social security / Medicare tax rate (employers)	6.20% / 1.45%	6.20% / 1.45%
Social security / Medicare tax rate (self-employed - up to limits below)	12.4% / 2.9%	12.4% / 2.9%
Medicare tax rate (Self-employed > \$200K single, \$250K MFJ, \$125K MFS)	3.80%	3.80%
FUTA (Federal Unemployment Tax)		
Taxable wage base	\$7,000	\$7,000
Maximum contributions	\$42	\$42
Net tax rate (6% less FUTA credit reduction of 5.4% for state UI taxes paid)	0.6% (.006)	0.6% (.006)
SOCIAL SECURITY EARNINGS LIMIT		
Under Full Retirement Age (age 65 - 67 depending on D.O.B.)	\$17,040	\$16,920
Over Full Retirement Age	No Limit	No Limit

FEDERAL TAX DEPOSITORY RULES:

MONTHLY - If the annual accumulated tax liability is <= \$50,000 for the annual base period, deposit monthly by the 15th of the following month regardless of pay date.

SEMI-WEEKLY - If the annual accumulated tax liability is > \$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 quarterly 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:

Cumulative tax liability for the preceeding period July 1, 2016 through June 30, 2017

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.

STATE RATES:

	Rate
PENNSYLVANIA INCOME TAX WITHHOLDING	3.07%
PENNSYLVANIA UNEMPLOYMENT	
Employer taxable wage base for employees	\$10,000
Employee tax w/h rate	0.06%
Employee taxable wage base	no limit

NEW JERSEY INCOME TAX WITHHOLDING

Graduated from 1.50% to 9.90%

NEW JERSEY UNEMPLOYMENT

Employer taxable wage base for employees	\$33,700
Employee unemployment tax withholding rate	0.7050%
Workforce Development	0.0425%
Disability	0.1900%
Unemployment	0.3825%
Family Leave	0.0900%

DELAWARE WITHHOLDING

Graduated from 2.20% to 6.60%
For annual wages paid in excess of \$2,000

DELAWARE UNEMPLOYMENT

Employer taxable wage base for employees \$16,500

	Minimum Wage Rates	w/ Tips
Federal	\$7.25	\$2.13
Pennsylvania	\$7.25	\$2.83
New Jersey	\$8.60	\$2.13
Delaware	\$8.25	\$2.23
Florida	\$8.25	\$5.23

Philadelphia Wage Tax 1/1/18 - 12/31/18	
Resident	3.8907%
Non-Resident	3.4654%

NEW HIRE REPORTING:

Pennsylvania, New Jersey, Florida and Delaware require employees to report basic information about newly hired or rehired employees.

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INDIVIDUAL - RETIREMENT

	2018	2017
IRA CONTRIBUTION LIMIT	\$5,500	\$5,500
50 & over catch-up	\$1,000	\$1,000
SIMPLE DEFERRAL LIMIT	\$12,500	\$12,500
50 & over catch-up	\$3,000	\$3,000
401(k) DEFERRAL LIMIT	\$18,500	\$18,000
50 & over catch-up	\$6,000	\$6,000
PHASE-OUT INCOME LEVELS FOR:		
IRA DEDUCTIBILITY (with company retirement plan)		
Single / Head of Household	\$63,000 - \$73,000	\$62,000 - \$72,000
Joint (taxpayer has company pension)	\$101,000 - \$121,000	\$99,000 - \$119,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
ROTH IRA CONTRIBUTION ELIGIBILITY		
Single/Head of Household	\$120,000 - \$135,000	\$118,000 - \$133,000
Joint	\$189,000 - \$199,000	\$186,000 - \$196,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
Rollover of regular IRA to Roth IRA (not allowed for married filing separately)	No Limit	No Limit

BUSINESS

	2018	2017
SECTION 179 DEDUCTION	\$1,000,000	\$510,000
BONUS DEPRECIATION		
Property Acquired before 9/28/17 *	40%	50%
Property Acquired after 9/27/17 **	100%	100%

* 50% Extended through 2017 with 10% phaseout through 2019

** 100% Extended through 2022 with 20% phase-out in 2023 - 2027

INDIVIDUAL - EDUCATION

	2018	2017
EDUCATION LOAN INTEREST DEDUCTION	\$2,500	\$2,500
EDUCATION SAVINGS ACCOUNT CONTRIBUTION	\$2,000	\$2,000
EDUCATION CREDITS & PHASE-OUT INCOME LEVELS FOR:		
LIFETIME LEARNING CREDIT		
Single/Head of Household	\$2,000	\$2,000
Joint	\$57,000 - \$67,000	\$56,000 - \$66,000
Married filing separately	\$114,000 - \$134,000	\$112,000 - \$132,000
	N/A	N/A
AMERICAN OPPORTUNITY CREDIT		
Single/Head of Household	\$2,500	\$2,500
Joint	\$80,000 - \$90,000	\$80,000 - \$90,000
Married filing separately	\$160,000 - \$180,000	\$160,000 - \$180,000
	N/A	N/A

INDIVIDUAL - OTHER

	2018	2017
ESTATE TAX EXCLUSION ***	\$11,200,000	\$5,490,000
TOP ESTATE TAX RATE	40%	40%
ANNUAL GIFT EXCLUSION	\$15,000	\$14,000
STANDARD MILEAGE RATE		
Business	54.5¢	53.5¢
Charitable activities	14¢	14¢
Medical/Moving expense	18¢	17¢
SELF-EMPLOYED HEALTH INSURANCE DEDUCTION	100%	100%
MEDICARE SURTAX ON NET INVESTMENT INCOME		
In excess of \$250,000 MFJ	3.80%	3.80%
In excess of \$200,000 Single	3.80%	3.80%

*** The \$11.20 million exclusion effective in 2018 sunsets on 12/31/25 and in 2026 reverts back to \$5 million (indexed for inflation)