

2019 Tax Facts

Updated: December 21, 2018



www.wm-cpa.com

(215) 675-8364

PAYROLL

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| FICA / MEDICARE & SELF-EMPLOYMENT TAX | | |
| Taxable wages for social security / Medicare | Up to \$132,900 / All | Up to \$128,400 / All |
| Maximum social security / Medicare tax | \$8,239.80 / No Limit | \$7,960.80 / 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.) | \$17,640 | \$17,040 |
| 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, 2017 through June 30, 2018

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 11.8% |
| NEW JERSEY UNEMPLOYMENT | |
| Employer taxable wage base for employees | \$34,400 |
| Employee unemployment tax withholding rate | 0.6750% |
| Workforce Development | 0.0425% |
| Disability | 0.1700% |
| Unemployment | 0.3825% |
| Family Leave | 0.0800% |

| | |
|--|----------------|
| 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 | \$8.85 | \$2.13 |
| Delaware | \$8.75 | \$2.23 |
| Florida | \$8.46 | \$5.44 |

| Philadelphia Wage Tax 1/1/19 - 12/31/19 | |
|--|---------|
| Resident | 3.8809% |
| Non-Resident | 3.4567% |

NEW HIRE REPORTING:

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

2019 Tax Facts

Updated: December 21, 2018



www.wm-cpa.com

(215) 675-8364

INDIVIDUAL - RETIREMENT

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| IRA CONTRIBUTION LIMIT | \$6,000 | \$5,500 |
| 50 & over catch-up | \$1,000 | \$1,000 |
| SIMPLE DEFERRAL LIMIT | \$13,000 | \$12,500 |
| 50 & over catch-up | \$3,000 | \$3,000 |
| 401(k) DEFERRAL LIMIT | \$19,000 | \$18,500 |
| 50 & over catch-up | \$6,000 | \$6,000 |
| PHASE-OUT INCOME LEVELS FOR: | | |
| IRA DEDUCTIBILITY (with company retirement plan) | | |
| Single / Head of Household | \$64,000 - \$74,000 | \$63,000 - \$73,000 |
| Joint (taxpayer has company pension) | \$103,000 - \$123,000 | \$101,000 - \$121,000 |
| Married filing separately | \$0 - \$10,000 | \$0 - \$10,000 |
| ROTH IRA CONTRIBUTION ELIGIBILITY | | |
| Single/Head of Household | \$122,000 - \$137,000 | \$120,000 - \$135,000 |
| Joint | \$193,000 - \$203,000 | \$189,000 - \$199,000 |
| 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

| | 2019 | 2018 |
|---------------------------------|-------------|-------------|
| SECTION 179 DEPRECIATION | | |
| Maximum deduction limit | \$1,020,000 | \$1,000,000 |
| Phase-out threshold | \$2,550,000 | \$2,500,000 |
| BONUS DEPRECIATION * | 100% | 100% |

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

INDIVIDUAL - EDUCATION

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| EDUCATION LOAN INTEREST DEDUCTION | \$2,500 | \$2,500 |
| EDUCATION SAVINGS ACCT CONTRIBUTION | \$2,000 | \$2,000 |
| EDUCATION CREDITS & PHASE-OUT INCOME LEVELS FOR: | | |
| LIFETIME LEARNING CREDIT | | |
| | \$2,000 | \$2,000 |
| Single/Head of Household | \$58,000 - \$68,000 | \$57,000 - \$67,000 |
| Joint | \$116,000 - \$136,000 | \$114,000 - \$134,000 |
| Married filing separately | N/A | N/A |
| AMERICAN OPPORTUNITY CREDIT | | |
| | \$2,500 | \$2,500 |
| Single/Head of Household | \$80,000 - \$90,000 | \$80,000 - \$90,000 |
| Joint | \$160,000 - \$180,000 | \$160,000 - \$180,000 |
| Married filing separately | N/A | N/A |

INDIVIDUAL - OTHER

| | 2019 | 2018 |
|---|--------------|--------------|
| ESTATE TAX EXCLUSION ** | \$11,400,000 | \$11,180,000 |
| TOP ESTATE TAX RATE | 40% | 40% |
| ANNUAL GIFT EXCLUSION | \$15,000 | \$15,000 |
| STANDARD MILEAGE RATE | | |
| Business | 58.0¢ | 54.5¢ |
| Charitable activities | 14¢ | 14¢ |
| Medical/Moving expense | 20¢ | 18¢ |
| 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 \$11.40 million exclusion effective in 2019 sunsets on 12/31/25 and in 2026 reverts back to \$5 million (indexed for inflation)