

PAYROLL TAX HIGHLIGHTS

YEAR 2009



Below, we have summarized the major changes, as of this date, which will affect your payroll tax calculations **effective January 1, 2009**.

Federal Individual Income Tax

Rates remained the same for 2009. Bracket amounts, the standard deductions, and the phase-out of personal exemptions have been adjusted for cost of living increases. The personal exemption for 2009 will be \$3,650. (See schedule 1 for tax brackets, rates, standard deductions, and phase out of personal exemptions).

Social Security Tax

Social security tax is broken into two sections, Social Security and Medicare. The following is each section's rate and base for 2009:

	<u>Social Security</u>	<u>Medicare</u>
Rate	6.2%	1.45%
Base	\$106,800	Unlimited
Maximum Employer Portion	\$6,621.60	Unlimited
Maximum Employee Portion	\$6,621.60	Unlimited

Pennsylvania

The maximum taxable wages for Pennsylvania Unemployment remains at \$8,000 per employee. The surcharge on employer contributions remains at 5.8% (.058). Also, the employer additional contribution remains at 0.25% (.0025). Additionally, the percentage of employee wages required to be withheld as unemployment compensation tax remains at .06% (.0006). This .06% tax does not have a wage limit.

New Jersey Individual Tax

New Jersey individual tax brackets remain the same for 2009. The tax rates start at 1.4% with a graduating tax schedule rising to a maximum tax bracket of 8.970% (See schedule 2 for tax brackets and rates).

Pennsylvania Individual Tax

The Pennsylvania individual income tax withholding rate remains at 3.07% for 2009.

Philadelphia Wage Tax

The withholding rate for Philadelphia City Wage Tax will be reduced, effective January 1, 2009, to 3.93% (.0393) for residents and 3.50% (.035) for non-residents.

Federal Unemployment Tax

Federal Unemployment Tax remains at 6.2% with a maximum state credit of 5.4% for a net tax of .8% (.008) on the first \$7,000 of wages per employee.

New Jersey

The maximum taxable wages for New Jersey Unemployment and Disability will increase to \$28,900 per employee. The withholdings rate will increase to 1.015% (.01015). The employee percentage is divided as follows:

0.0000%	Healthcare Subsidy
0.3825%	Unemployment
0.0425%	Workforce development
0.5000%	Disability
<u>0.0900%</u>	Family Leave Insurance
<u>1.0150%</u>	

IMPORTANT REMINDERS

401(k) Limits

The maximum employee contributions will increase to \$16,500 for 2009. Please note that this contribution is limited to the lesser of \$16,500 or the percentage of wages specified in your 401(k) Plan document. The maximum employee contributions for employees age 50 or older is \$22,000 for 2009. The contribution is limited to the lesser of \$22,000 or the percentage of wages specified in your 401(k) Plan document.

Minimum Hourly Wage

	<u>Amount</u>	<u>Effective Date</u>
Federal	\$6.55	July 24, 2008
Federal	\$7.25	July 24, 2009
New Jersey	\$7.15	October 1, 2006
New Jersey	\$7.25	July 24, 2009
Pennsylvania	\$7.15	July 1, 2007
Pennsylvania	\$7.25	July 24, 2009
PA Small Employers*	\$7.15	July 1, 2008
	\$7.25	July 24, 2009

*Employers with equivalent of 10 or fewer full-time employees calculated on a 40-hour work week.

Who to contact

If you have any questions please contact:

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FEDERAL PERSONAL INCOME TAX RATES FOR 2009

Taxable Income		Tax Bracket
Over	But Not Over	

Single Individuals

\$ -0 -	\$ 8,350	10% of the taxable income
8,350 -	33,950 -	\$835 plus 15% of the excess over \$8,350
33,950 -	82,250 -	\$4,675 plus 25% of the excess over \$33,950
82,250 -	171,550 -	\$16,750 plus 28% of the excess over \$82,250
171,550 -	372,950 -	\$41,754 plus 33% of the excess over \$171,550
372,950 -	Over	\$108,216 plus 35% of the excess over \$372,950

Standard Deduction \$5,700

Phase out of personal exemptions begins at \$166,800

Married Filing Jointly and Surviving Spouses

\$ -0 -	\$ 16,700	10% of the taxable income
16,700 -	67,900	\$1,670 plus 15% of the excess over \$16,700
67,900 -	137,050	\$9,350 plus 25% of the excess over \$67,900
137,050 -	208,850	\$26,637.50 plus 28% of the excess over \$137,050
208,850 -	372,950	\$46,741.50 plus 33% of the excess over \$208,850
372,950 -	Over	\$100,894.50 plus 35% of the excess over \$372,950

Standard Deduction \$11,400

Phase out of personal exemptions begins at \$250,200

Married Filing Separately

\$ -0 -	\$ 8,350	10% of the taxable income
8,350 -	33,950	\$835 plus 15% of the excess over \$8,350
33,950 -	68,525	\$4,675 plus 25% of the excess over \$33,950
68,525 -	104,425	\$13,318.75 plus 28% of the excess over \$68,525
104,425 -	186,475	\$23,370.75 plus 33% of the excess over \$104,425
186,475 -	Over	\$50,447.25 plus 35% of the excess over \$186,475

Standard Deduction \$5,700

Phase out of personal exemptions begins at \$125,100

Head of Household

\$ -0 -	\$ 11,950	10% of the taxable income
11,950 -	45,500	\$1,195 plus 15% of the excess over \$11,950
45,500 -	117,450	\$6,227.50 plus 25% of the excess over \$45,500
117,450 -	190,200	\$24,215 plus 28% of the excess over \$117,450
190,200 -	372,950	\$44,585 plus 33% of the excess over \$190,200
372,950 -	Over	\$104,892.50 plus 35% of the excess over \$372,950

Standard Deduction \$8,350

Phase out of personal exemptions begins at \$208,500

***See Circular E for withholding amounts that should be made through payroll.**

NEW JERSEY INCOME TAX RATES

New Jersey Income Tax Rates for 2009 remain the same as the 2008 Income Tax Rates.

FOR MARRIED PEOPLE FILING JOINTLY, HEADS OF HOUSEHOLDS AND SURVIVING SPOUSES

<u>Taxable Income</u>	<u>Tax Rate</u>
Not over \$20,000	1.4%
\$20,001 - \$50,000	\$280 plus 1.750% of excess over \$20,000
\$50,001 - \$70,000	\$805 plus 2.450% of excess over \$50,000
\$70,001 - \$80,000	\$1,295.50 plus 3.500% of excess over \$70,000
\$80,001 - \$150,000	\$1,645 plus 5.525% of excess over \$80,000
\$150,001 - \$500,000	\$5,512.50 plus 6.370% of excess over \$150,000
Over \$500,000	8.97% of excess over \$500,000

FOR TAXPAYERS WHOSE FILING STATUS IS SINGLE OR MARRIED PEOPLE FILING SEPARATE RETURNS AND ESTATES AND TRUSTS THE RATES ARE:

<u>Taxable Income</u>	<u>Tax Rate</u>
Not over \$20,000	1.4%
\$20,001 - \$35,000	\$280 plus 1.750% of excess over \$20,000
\$35,001 - \$40,000	\$542.50 plus 3.500% of excess over \$35,000
\$40,001 - \$75,000	\$717.50 plus 5.525% of excess over \$40,000
\$75,001 - \$500,000	\$2,651.25 plus 6.370% of excess over \$75,000
Over \$500,000	8.97% of excess over \$500,000