



# 2016 Payroll Tax Rates and Other Matters

Effective January 1, 2016

## Federal Withholding

Due to the uncertainty of events in Washington, the new Circular E has not yet been published. Continue to use the 2014 Circular E until revised tables are available.

## FICA (Social Security) Tax

	Maximum Wage Base	Employer Tax Rate	Employee Tax Rate
Medicare Basic Hospital Insurance Portion (MBHI)	No limit	1.45%	1.45%
Old-Age, Survivors, and Disability Insurance portion (OASDI)	\$118,500	6.20%	6.20%
<b>Total FICA Tax</b>		<b>7.65%</b>	<b>7.65%</b>

## Additional Medicare Tax

Wages in excess of \$200,000 will be subject to an additional 0.9% medicare tax which must be withheld from the employees wages.

## Federal Unemployment Tax

0.6% of the first \$7,000 of wages for each employee.

## PA Unemployment Tax

- + Employer: State will notify you of contribution rate; applied to first \$9,500 of wages for each employee.
- + Employee: .07% of all wages (no limit).

## PA Personal Income Tax

3.07% of wages.

## Self-Employment Tax

	Maximum Wage Base	Tax Rate
Medicare Basic Hospital Insurance Portion (MBHI)	Unlimited	2.90%
Old-Age, Survivors, and Disability Insurance portion (OASDI)	\$118,500	12.40%
<b>Total Self-Employment Tax</b>		<b>15.30%</b>

## 401(k), 403(b) and 457 Plan Contribution Limit

\$18,000; \$6,000 additional deferral for age 50 and over.

## SIMPLE Plans

\$12,500; \$3,000 additional deferral for age 50 and over.

## Minimum Wage

\$7.25

## Social Security Benefits

Maximum amount retired employees can earn before losing Social Security benefits:

- + Under full retirement age (FRA): \$15,720 (\$1,310/month)
- + In year of FRA: \$41,880 (\$3,490/month)
- + FRA and over: no limitations

## Automobile Mileage Reimbursement Rate

- + \$.54 per mile for business use
- + \$.14 per mile for charitable use
- + \$.19 per mile for medical or moving

## Local Services Tax (PA)

Generally \$52.00 (Deducted \$1.00/week) with an exemption for those whose total earned income is less than \$12,000 for the calendar year. Check with your local EIT Bureau.

## Select City Taxes

	Resident	Non-Resident
+ Philadelphia Wage Tax	3.9102%	3.4828%
+ Pittsburgh Earned Income Tax	3.00%	1.00%
+ Reading Earned Income Tax	3.60%	1.30%



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