

2010 RATES AND LIMITS

Summary of Payroll Tax Limits

FEDERAL INSURANCE CONTRIBUTION ACT (FICA):	<u>2010</u>	<u>2009</u>
Social Security Wage Base	\$106,800	\$106,800
Medicare Wage Base	Unlimited	Unlimited
Tax Rate - Combined	7.65%	7.65%
Social Security Rate	6.2%	6.2%
Medicare Rate	1.45%	1.45%
Maximum Social Security Withholding	\$6,621.60	\$6,621.60
Maximum Medicare Withholding	Unlimited	Unlimited
 FEDERAL UNEMPLOYMENT TAX ACT (FUTA):	 <u>2010</u>	 <u>2009</u>
Taxable Wage Base Per Employee	\$7,000	\$7,000
Gross Tax Rate	6.2%	6.2%
Net Tax Rate	0.8%	0.8%
 STATE UNEMPLOYMENT TAX ACT (SUTA):	 <u>2010</u>	 <u>2009</u>
Florida.....	\$8,500	\$7,000
Illinois.....	\$12,520	\$12,300
Indiana.....	\$9,500	\$7,000
Iowa.....	\$24,500	\$23,700
Kansas.....	\$8,000	\$8,000
Kentucky.....	\$8,000	\$8,000
Michigan.....	\$9,000	\$9,000
Minnesota.....	\$27,000	\$26,000
North Dakota.....	\$24,700	\$23,700
South Dakota.....	\$10,000	\$9,500
Wisconsin.....	\$12,000	\$12,000

Please contact us for information on other states.

Our Annual Tax Releases are posted on www.legacycpas.com.

Standard Mileage Rates

The standard mileage rates to be used in computing deductible costs of operating a passenger automobile are as follows:

	<u>2010</u>	<u>2009</u>
Business Use (cents per mile)	50	55
Medical and Moving (cents per mile)	16.5	24
Charitable Use (cents per mile)	14	14

Under the annual lease valuation method for computing the value of the personal use of an employer provided automobile, you must include the cost of gasoline at the rate of 5.5 cents per mile for both 2010 and 2009.

Qualified Transportation Fringe Benefit

	<u>2010</u>	<u>2009</u>
Monthly Fringe Benefit Exclusion Limit for Transportation in a Commuter Highway Vehicle and any Transit Pass	\$230	\$120 Jan-Feb \$230 Mar-Dec
Monthly Fringe Benefit Exclusion Limit for Qualified Parking	\$230	\$230

Other Limits

	<u>2010</u>	<u>2009</u>
Maximum Contribution 401(k) Plans and 403(b) Plans	\$16,500	\$16,500
Catch-up Contributions for Individuals Age 50 or Over (non-SIMPLE)	\$5,500	\$5,500
Maximum Contribution to an Individual Retirement Account	\$5,000	\$5,000
Catch-up Contributions for Individuals Age 50 or Over (IRA)	\$1,000	\$1,000
Maximum Annual Defined Benefit Under Section 415(b)	\$195,000	\$195,000
Maximum Annual Defined Contribution Under Section 415(c)	\$49,000	\$49,000
Maximum Annual Compensation for Determining Benefits or Contributions Under a Qualified Plan	\$245,000	\$245,000
Test to Identify Highly Compensated Employees	\$110,000	\$110,000
Maximum Pretax Contribution by Employees to SIMPLE Retirement Accounts Under Section 408(p)	\$11,500	\$11,500
Catch-up Contributions for Individuals Age 50 or Over (SIMPLE)	\$2,500	\$2,500
Section 457 Deferral Limit	\$16,500	\$16,500
Medicare (Part B) Monthly Coverage **	\$96.40**	\$96.40**
Maximum Annual Earnings for Retirees - Exempt Amount:		
Under 65*	\$14,160	\$14,160
Over 65	Unlimited	Unlimited

NOTES: *A modified test applies for the year an individual reaches age 65. One dollar in benefits will be withheld for every three dollars in earnings above the limit. The monthly limit is \$3,140 for 2010. The test applies to earnings for months prior to attaining age 65.

**In 2010, single beneficiaries with annual income over \$85,000 and married couples with income over \$170,000 will pay a higher percentage of the costs of Medicare Part B Coverage. The standard premium rate for 2010 is \$110.50 for new beneficiaries. For additional premium rates see table at www.medicare.gov.

Please let us know if you have any questions or need any additional information.

Compiled by: Maria C. Solis, CPA, Partner, Chicago Tax Department