

**TO: ALL STAFF**  
**FROM: Kathy Norwood, CPA**  
**DATE: June 26, 2008**  
**RE: 2008 Tax Rates & Limits**



	<u>Employee</u>	<u>Employer</u>	<u>Wage Limit</u>
<b>Social Security</b>	6.2%	6.2%	\$ 102,000
<b>Medicare</b>	1.45%	1.45%	Unlimited

401(k) is subject to FICA/Medicare but not FIT. Subject to FUTA & SUTA.

Cafeteria plan is not subject to FICA/Medicare or FIT. Subject to SUTA, not FUTA.

**Corporation Tax:**

<u>Tax Rate</u>	<u>Income</u>
15%	0 - 50,000
25%	50,001 - 75,000
34%	75,001 - 100,000
39%	100,001 - 335,000
34%	335,001 - 10 million
35%	10 million - 15 million
38%	15 million - 18,333,333
35%	over 18,333,333

**Self-Employment:**

	<u>Tax Rate</u>	<u>Wage Limit</u>
<b>Social Security</b>	12.4%	\$ 102,000
<b>Medicare</b>	<u>2.9%</u> 15.3%	Unlimited

A federal income tax deduction is allowed for ½ of self-employment taxes paid.

<b>TEC</b>	Wage Limit: \$9,000			
<b>FUTA</b>	Rate: 6.2% - 5.4% = .8%		Wage Limit: \$ 7,000	
<b>Depletion</b>	15%	(Note: Percentage depletion is not allowed for lease bonuses, advance royalties or any other amount payable without regard to actual production.)		
<b>Minimum Wage</b>	\$ 5.85 (7/24/08 - \$6.55) (7/24/09 - \$7.25)			
<b>Social Security Benefits Limitation on Earnings</b>	Yrs prior to full retirement age	<u>2008</u>	<u>2007</u>	<u>Forfeit Rate</u>
	Yr of full retirement, prior to full retirement*	\$ 13,560	\$ 12,960	\$ 1 for \$ 2 earned
	After full retirement	\$ 36,120	\$ 34,440	\$ 1 for \$ 3 earned
		Unlimited	Unlimited	
		* Full retirement age is 65 years + 8 months for those born in 1941, 65 years + 10 months for those born in 1942, and 66 years for those born in 1943 thru 1954.		
<b>Mileage Rate:</b>	Standard rate – business purpose	<u>2008</u>	<u>2007</u>	
	Medical/moving rate	<u>Jan-Jun</u>	<u>Jul-Dec</u>	
	Charitable rate	\$ .505	\$ .585	\$ .485
		\$ .19	\$ .27	\$ .20
		\$ .14	\$ .14	\$ .14
<b>401(k) Deferral Limit</b>		\$ 15,500	\$ 15,500	
<b>Max. Annual Catch-Up 401(k) Contributions**</b>		\$ 5,000	\$ 5,000	

\*\* Additional contribution to 401(k) is available for employees reaching age 50 or older in year.