

TO: ALL STAFF
FROM: Kathy Norwood, CPA
DATE: December 8, 2009
RE: 2010 Tax Rates & Limits



	<u>Employee</u>	<u>Employer</u>	<u>Wage Limit</u>
Social Security	6.2%	6.2%	\$ 106,800★
Medicare	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>
Social Security	12.4%	\$ 106,800★
Medicare	<u>2.9%</u> 15.3%	Unlimited

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

TEC	Wage Limit: \$9,000		
FUTA	Rate: 6.2% - 5.4% = .8%		Wage Limit: \$ 7,000
Depletion	15%	(Note: Percentage depletion is not allowed for lease bonuses, advance royalties or any other amount payable without regard to actual production.)	
Minimum Wage	Prior to 7/24/07 - \$5.15 7/24/07 to 7/23/08 - \$5.85 7/24/08 to 7/23/09 - \$6.55 Beginning 7/24/09 - \$7.25 (current)		
Social Security Benefits Limitation on Earnings	Yrs prior to full retirement age	<u>2010</u>	<u>2009</u>
	Yr of full retirement, prior to full retirement*	\$ 14,160★	\$ 14,160
	After full retirement	\$ 37,680★	\$ 37,680
		Unlimited	Unlimited
			<u>Forfeit Rate</u>
			\$ 1 for \$ 2 earned
			\$ 1 for \$ 3 earned
		<u>2010</u>	<u>2009</u>
Mileage Rate:	Standard rate – business purpose	\$.50	\$.55
	Medical/moving rate	\$.165	\$.24
	Charitable rate	\$.14	\$.14
401(k) Deferral Limit		\$ 16,500★	\$ 16,500
Max. Annual Catch-Up 401(k) Contributions**		\$ 5,500★	\$ 5,500

* 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.

** Additional contribution to 401(k) is available for employees reaching age 50 or older in year.
 ★ No cost-of-living-adjustment (by statute these amounts remained unchanged in 2010).