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2012 Tax Rates and Limits

TO: ALL STAFF
FROM: Kathy Norwood, CPA
DATE: Dec. 28, 2011

	Employee	Employer	Wage Limit
Social Security	4.2%*	6.2%	$ 110,100
Medicare	1.45%	1.45%	Unlimited

*extended through 2-29-2012

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:

Tax Rate	Income
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:

	Tax Rate	Wage Limit
Social Security	10.4%	$ 110,100
Medicare	2.9%	Unlimited
	13.3%	

A federal income tax deduction is allowed for ½ of self-employment taxes calculated using the 15.3% rate.

Depletion 15% (Note: Percentage depletion is not allowed for lease bonuses, advance royalties or any other amount payable without regard to actual production.)

	Tax Year	Amount	Phaseout Begins
Maximum Sect. 179 Expense Deduction	2011 & 2010	$500,000	$2,000,000
	2012	$125,000	$ 500,000

	2012	2011
Bonus Depreciation	50%	100%

TEC Wage Limit: $9,000

FUTA
Beginning 7/1/2011 — Rate: 6.0% - 5.4% = .6%
Prior to 7/1/2011 — Rate: 6.2% - 5.4% = .8%
Wage Limit: $ 7,000

Minimum Wage Beginning 7/24/09 - $7.25

		2012	2011	Forfeit Rate
Social Security Benefits Limitation on Earnings	Yrs prior to full retirement age	$ 14,640	$ 14,160	$ 1 for $ 2 earned
	Yr of full retirement, prior to full retirement*	$ 38,880	$ 37,680	$ 1 for $ 3 earned
	After full retirement	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.

		2012	7/1-12/31/2011	1/1-6/30/2011
Mileage Rate:	Standard rate – business purpose	$ .555	$ .555	$ .51
	Medical/moving rate	$ .23	$ .235	$ .19
	Charitable rate	$ .14	$ .14	$ .14
401(k) Deferral Limit		$ 17,000	$ 16,500	$ 16,500
Max. Annual Catch-Up 401(k) Contributions**		$ 5,500	$ 5,500	$ 5,500

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