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TICE TAX TIPS

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WWW.TICEASSOCIATES.COM

The Obama Health (insanity) Bill has not been passed (Amen) as I write this so I cannot give you any insight toward the tax complications that it might bring.

REMINDER To fill out new Form W-4's and I-9's for 2010 and retain these forms with your permanent payroll records for each employee.

Form 1099's Must be filed by February 28, 2010 by your business for amounts over \$600.00 that you paid for rent or to unincorporated sub contractors who worked for your business.

2009 & 2010 KEY FACTS

	<u>2010</u>	<u>2009</u>
Personal exemption:	3650	3650
Standard deduction:		
Single	5700	5700
Married Joint & Qualified Widower	11400	11400
Married Separate	5700	5700
Head of Household	8400	8350
Standard Deduction is	* YES	* YES
*Increased up to 500 (1000 MFJ) for property tax paid by non-itemizers		
*Also sales tax on motor vehicles, motorcycles, motor homes up to \$49,500	* YES	* YES

2010 & 2009 Key Facts Continued:

	<u>2010</u>	<u>2009</u>
Additional deduction for Elderly & Blind:		
Single	1400	1400
Married (each)	1100	1100
FICA Taxable Wage Limitation	106,800	106,800
*Note: Social security benefit will increase 5.8% in 2009		
FICA 62-64 wages earned	14160	14160
Limitation per year for early retirees		
“Kiddie” tax on unearned income above this amount	1900	1900
Child tax credit for qualifying children Under 17 at Dec. 31	1000	1000
Standard Mileage Rates:		
Business: 1/1 – 12/31	50¢	55¢
(Lower in 2010)		
Charitable:	.14¢	.14¢
Medical & moving: 1/1 – 12/31	16.5¢	.24¢
Special Section 179 Depreciation Write Off		
179 Deduction Limit	250,000	250,000
179 Deduction void if you buy total year equipment expenditures over:	800,000	800,000
179 Limitation on SUV purchase	25000	25000

2010 & 2009 Key Facts Continued:

	<u>2010</u>	<u>2009</u>
Federal Estate Tax Unified Credit	\$1,000,000	\$3,500,000
Annual Gift Tax Exclusion	13,000	13,000
Maximum Student Interest Deduction	2500	2500
IRA Contribution Limit	5000	5000
Age 50 Catch up addition	1000	1000
Simple-IRA Contribution Limit	11500	11500
Age 50 Catch up addition	2500	2500
401(k), 403(b) & 457 Limit	16500	16500
Age 50 Catch Up addition	5500	5500
Defined Pension Contribution Limit	49000	49000
Defined Benefit – Benefit Limit	195000	195000
Health Savings Accounts (HSA)		
Minimum Deductible:		
Self	1200	1150
Family	2400	2300
Maximum Contribution:		
Self	3050	3000
Family	6150	5950
Age 55 Catch Up	1000	1000
Maximum Out-Of-Pocket:		
Self	5950	5800
Family	11900	11600
Maximum Social Security tax Paid by employee at 6.2% rate	6621.60	6621.60

FOR OUR PAYROLL / PAYROLL TAX CLIENTS

To the best of our knowledge the payroll tax withholding rates of 2009 have not changed for 2010. Only the FICA wage limit is still \$106,800.

A typical paycheck would be as follows in 2010:

<u>Gross</u>	<u>FICA 6.2%</u>	<u>Medicare 1.45%</u>	<u>Federal W/H</u>	<u>PA W/H 3.07%</u>
200.00	12.40	2.90	10.00	6.14
<u>LOCAL (Usually 1%)</u>	<u>PA UC .0006</u>	<u>NET PAYROLL</u>		
2.00	.12	166.44		

Remember to have your employees fill out the new W-4 forms and I-9 forms for 2010. These forms should be kept in your office. You can print these forms for free on our website WWW.TICEASSOCIATES.COM

Minimum wage is \$7.25 per hour.

First time home buyer credit is \$8000 from 1/1/09 to 4/30/10. Another available credit is \$6500 for certain long-time residents purchasing a new main residence (must have maintained the residence for 5 consecutive out of the last 8 years) for homes under contract from 11/6/09 to 4/30/10 and must be settled by 6/30/10. Military personnel have different rules.

The American Opportunity Credit (formerly the Hope Credit) was expanded to include the first \$2000 of qualifying higher education expenses and 25% of the next \$2000 of qualifying expenses for a maximum credit of \$2500. The maximum tuition and fees deduction was increased to \$4000. The maximum lifetime learning credit is \$2000 and remains unchanged.

There is a lot more info on our website.

We hope all of this information is helpful.
Happy Holidays from all of us at Tice Associates!