

2013 Payroll Tax Law Updates

from Steve Sabel-Streamline Payroll, LLC

Federal:

1. Social Security wage base goes from \$110,100 to \$113,700.
 2. If the Payroll Tax Holiday is eliminated, expect the employee tax rate to go from 4.2% to 6.2% on January 1, 2013.
 3. The employer rate stays at 6.2% and matched to \$113,700.
 4. The maximum Social Security tax payable by employee will rise to \$7,049.40, an increase of \$223.20 from the 2012 maximum of \$6,826.20.
 5. Medicare portion still is 1.45% for all wages and matched by the employer.
 6. Medicare Surtax-Unearned Income Medicare Contribution Tax:
 - A. 0.9% on wages in excess of \$200,000 for a single tax payer.
 - B. \$250,000 or more in wages earned if a married taxpayer filing jointly.
 - C. \$125,000 or more in wages earned if a married taxpayer filing separately.
 - D. No employer match on this but still collected by employer.
 7. Employers of 250 or more employees must report value of employer coverage on employee health care benefit on the W-2.
 8. Under the Affordable Health Care Act-Flexible Spending Accounts will have a taxable limit in 2013 of \$2500.00.
 9. The Standard Mileage Rates issued by the IRS for 2013 mileage will be 56.5 cents per mile for business driven, 24 cents per mile driven for medical or moving purposes, and 14 cents per mile driven in service of charitable organizations.
 10. FUTA tax still is 6.0% of first \$7,000 in wages. However, an employer takes a 5.4% credit for state unemployment. Thus, they pay .6% of first 7,000.00 in wages which comes out to \$42.00 per employee.
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2013 Pennsylvania Payroll Tax Updates

1. Pennsylvania withholding rate still will be 3.07%.
 2. State Unemployment Insurance wage base goes up from \$8,000 to \$8,500.00 per employee in 2013.
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Local Payroll Tax Updates

Philadelphia wage tax as of today no change:

Resident: 3.9280%

Non-Resident: 3.4985%

ACT 32- Alive and Well. Nothing changes meaning suburban employers need to remit the higher of the earned income tax of employee either where they work or live.

Example: Steve works in Yardley Borough which doesn't have an Earned Income Tax. However, he lives in Newtown Township. The employer needs to remit the 1% local to the tax vendor who administers the tax-Berkheimer, Keystone or in some cases the municipality.