



To: Clients/Friends
From: Tax Department
Date: January 4, 2019
Re: Payroll Tax Rate Changes

In order to assist in the preparation of paychecks and payroll tax returns, we have listed the payroll withholding taxes that are effective January 1, 2019.

<u>Type of Tax</u>	<u>Amount Withheld</u>
Federal Withholding Tax	Amount is determined pursuant to the withholding tables contained in Federal Circular E.
Social Security (OASDI) and Medicare Tax (HI)	The social security wage base for 2019 is \$132,900. A 6.2% rate applies to employees and employers. The Medicare tax rate is 1.45%, with no limit to the amount of wages subject to the tax.
Additional Medicare Tax (HI)	An employer must withhold additional Medicare tax of 0.9% from wages it paid in excess of \$200,000 (single or HOH) or \$250,000 (MFJ) in a calendar year.
Pennsylvania Income Tax	The rate of 3.07% continues to be withheld, which is the same rate as 2018.
New Jersey Gross Income Tax	The rates for 2019 range from 1.4% to 10.75% on graduated levels of income. Keep in mind, there is New Jersey tax due for New Jersey residents working in Philadelphia when the effective state rate exceeds the Philadelphia non-resident rate.
City of Philadelphia (Effective Date July 1, 2018)	For residents of the City, the rate is 3.8809%, and for non-residents the rate is 3.4567%.
Pennsylvania Unemployment Compensation Employee Withholding	All wages are subject to .06% withholding.
Pennsylvania Unemployment Compensation Employer Expense	The wage base for 2019 is \$10,000 for each employee. Tax rates are dependent upon each employer's unemployment experience record.

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<u>Type of Tax</u>	<u>Amount Withheld</u>
Local Earned Income Tax/Occupational Privilege Tax	Most Pennsylvania municipalities impose a local earned income or occupational privilege tax, which in many cases is 1% & \$52, respectively. However, please refer to your local tax collector for the percentage and amount since they vary. Under Act 32, employers must withhold at the higher rate of the employees home or place of work. There are also forms to be completed by the employees that must be retained by the employer.
New Jersey Unemployment /Disability/Family Leave	The employee's rate of .675% is to be withheld for 2019. The employer's rate is dependent upon the employer's unemployment experience record. The tax is calculated only on the first \$34,400 of compensation.
Self-Employment Tax	The rate of 12.4% tax is computed on the first \$132,900 and a 2.9% Medicare Tax is computed on all self-employment income. Additionally, for 2019, self-employment income over the applicable threshold is subject to an additional 0.9% tax. The applicable threshold varies based on filing status.

Federal Depository Requirements (FWT & FICA)

You will be either a monthly or semi-weekly depositor. The Internal Revenue Service should have notified you what your deposit status is for the coming calendar year. If you are not notified, you should use the same method as the previous year.

Your deposit schedule for a calendar year is determined from the total taxes reported on your Form 941 (or 941E) in a four-quarter lookback period-July 1 through June 30. If you reported \$50,000 or less of employment taxes for the lookback period, you are a monthly depositor; if you reported more than \$50,000, you are a semi-weekly depositor. Two special exceptions exist:

1. Businesses that have less than \$2,500 in quarterly employment taxes may make payments every three months with the filing of Federal Form 941.
2. Businesses that accumulate a tax liability of \$100,000 or more on any day during a deposit period, must deposit the tax by the next banking day, whether the business is a monthly or semi-weekly schedule depositor. If this happens, you become a semi-weekly depositor for the remainder of the calendar year and for the following calendar year.

Semi-weekly Rule

Under the semi-weekly rule, amounts accumulated on paydays made on Wednesday, Thursday and/or Friday must be deposited by the following Wednesday. Amounts accumulated on paydays made on Saturday, Sunday, Monday and/or Tuesday must be deposited by the following Friday. Therefore, each employer must make one weekly deposit, depending on his or her payday.

New Hire Reporting Law

All employers are required to report information on newly hired employees. The reporting requirement varies from state to state. Each state is required to inform business entities of their state requirements. If you have any questions with regard to your state filing requirements, please contact us.

For Pennsylvania, within twenty (20) days, send the new hire reporting form to:

Commonwealth of Pennsylvania

New Hire Reporting Program

PO Box 69400

Harrisburg, PA 17106-9400

(or)

Facsimile: (717) 657-HIRE (4473)

Phone: (888) PAHIRES – (888) 724-4737

Website: <https://www.cwds.pa.gov/cwdsonline/NewHire/NewHireProgramInformation/ElectronicReporting.aspx>

The preferred method of reporting new hire information is through Electronic Reporting at:

<https://www.cwds.pa.gov/cwdsonline/NewHire/NewHireProgramInformation/ElectronicReporting.aspx>

For New Jersey, within twenty (20) days, send a complete New Hire Reporting Form to:

New Jersey New Hire Directory

PO Box 4654

Trenton, NJ 08650-4654

(or)

Telephone: 1-877-654-4737

Facsimile: 1-800-304-4901

Website: www.nj-newhire.com

The preferred method of reporting new hire information is electronically.