

A D computer

Your Payroll Experts

December 1, 2006

ACCOUNTANTS UPDATE

- **.09% PA UC Tax remains on employee wages for 2007**

- **Pension plan limitations for Year 2007:**

Salary Deferral (pretax) Limits

401(k) / 403(b) / 501(c)(18)(D)	\$ 15,500.00
457(b) State and Local Governments and tax exempt organizations	15,500.00
Catch-up Contributions	5,000.00
408(p)(2)(E) Simple Retirement Accounts	10,500.00
Catch-up Contributions for Simple Plans	2,500.00

Section 415 Annual Benefits Limits

Defined contribution plans	45,000.00
Defined benefit plans	180,000.00

Compensation

Definition of highly compensated employee	100,000.00
Key employee in a "top-heavy" plan	145,000.00
Annual compensation limit for qualified plans	225,000.00

- **Standard mileage rate for 2007 increases to 48.5 cents per mile**
- **Supplemental withholding rate for 2007 remains at 25.0%, 35% for supplemental wages exceeding \$1,000,000**
- **Backup withholding rate for 2007 remains at 28.0%**
- **New – Electronic Child Support Court Order Payments**

A D Computer can transmit the Child Support Court Order payments withheld from non-custodial parents electronically, via electronic funds transfer, to the State Disbursement Unit of the state initiating the Order. Pennsylvania regulations require all employers with 15 or more employees and two or more child support orders to remit the child support payments through electronic means.

- **Many states have passed legislation to increase their state minimum wage. For employers in Pennsylvania and the surrounding states the minimum wage changes are as follows:**

<u>State</u>	<u>Effective Date</u>	<u>Minimum Wage</u>	<u>Tip Minimum Cash Wage</u>	<u>Tip Credit</u>
Delaware	01/01/07	6.65	2.23	4.42
New Jersey	10/01/06	7.15	2.13	5.02
New York	01/01/07	7.15	4.60	2.55
Pennsylvania	01/01/07	6.25	2.83	3.42
	07/01/07	7.15	2.83	4.32
Pennsylvania – Employers with 10 or fewer full-time employees				
	01/01/07	5.65	2.83	2.82
	07/01/07	6.65	2.83	3.82
	07/01/08	7.15	2.83	4.32

A D Computer can provide solutions to your client's payroll and tax filing needs.

For more information about A D Computer

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