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ACCOUNTANTS UPDATE

December 27, 2011

- **W-2 Box 12 Reporting:**

2011 W-2s - Code Y Reporting of 409A Deferrals is not required

Code DD for employers to report the cost of employer-sponsored group health plan coverage
Reporting is voluntary for 2011

Code EE for reporting Designated Roth contributions under a governmental section 457(b) plan

2012 W-2s - Employers filing 250 or more Forms W-2 will be required to report the cost of employer-sponsored group health plan coverage

- **FUTA Credit Reduction for 2011:**

Additional FUTA Tax of \$21 per employee (0.3% up to the federal wage base of \$7,000) will be incurred by employers in Pennsylvania, New Jersey, New York, Ohio as well as FUTA credit reductions in 17 other states.

- **Pennsylvania Local Earned Income Tax (EIT) Withholding Changes:**

Pennsylvania Act 32, effective in 2012, establishes county-wide collection districts. There will be 69 Tax Collection Districts, four for Allegheny county and one for each remaining county. Philadelphia falls under the Sterling Act and is not subject to Act 32. Employers must have their employees complete a Residency Certification Form to determine the new state-wide Political Subdivision Code (PSD) and the employee's resident tax rate. Employers must use the greater of the employee's resident tax rate or work location non-resident tax rate for EIT withholdings.

- **Pension plan limitations for Year 2012:**

Salary Deferral (pretax) Limits

401(k) / 403(b)	\$ 17,000.00
457(b) State and Local Governments and tax exempt organizations	17,000.00
Catch-up Contributions	5,500.00
408(p)(2)(E) Simple Retirement Accounts	11,500.00
Catch-up Contributions for Simple Plans	2,500.00

Section 415 Annual Benefits Limits

Defined contribution plans	50,000.00
Defined benefit plans	200,000.00

Compensation

Definition of highly compensated employee	115,000.00
Key employee in a "top-heavy" plan	165,000.00
Annual compensation limit for qualified plans	250,000.00

- **For employers in Pennsylvania and the surrounding states the 2012 minimum wages are as follows:**

<u>State</u>	<u>Minimum Wage</u>	<u>Food Service Minimum Cash Wage</u>	<u>Tip Credit</u>
Delaware	7.25	2.23	5.02
New Jersey	7.25	2.13	5.12
New York	7.25	5.00	2.25
Pennsylvania	7.25	2.83	4.42
Federal Minimum	7.25	2.13	5.12

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