

**2017 RATES FOR PAYROLL DEDUCTIONS**

Federal rates	Follow Federal Tax Chart
Social Security rate	Employee Share – 6.2% on gross wages to \$127,200  Employer Share – 6.2% on gross wages to \$127,200
Medicare rate	Employee Share - 1.45% on all gross wages  Employer Share - 1.45% on all gross wages
PA State rate	3.07%
Local rate	Rates vary and should be determined per Act 32
Local Services Tax (LST) rate	Rates are determined based on the employer's location.  The annual tax amount is either \$10 or \$52.
PA Unemployment Compensation	.07% tax (.0007) on employee wages

### **Medicare Tax:**

The Additional Medicare Tax of 0.9% that went into effect January 1, 2013 remains in effect for 2017. Employers will be responsible for withholding an additional 0.9% Medicare tax on an employee's wages and compensation paid in excess of \$200,000 in the calendar year.

### **Business Mileage Rate:**

The mileage rate for 2017 will decrease from 54 to 53.5 cents per mile.

### **Federal Unemployment Compensation Taxes (FUTA):**

The FUTA tax liability will remain at 0.6% for 2017. However, there are some states known as "credit reduction" states that will be required to pay additional FUTA tax when filing their Annual Form 940 each year. "Credit reduction" states are states that have borrowed money from the federal government to pay unemployment benefits but have not paid those loans back. For 2016, Pennsylvania, Maryland, Virginia and West Virginia are NOT "credit reduction" states that will be required to pay an additional tax on their FUTA taxable wages when filing their Annual Form 940. There is an additional schedule included with the Annual Form 940 to be used to calculate the additional FUTA tax owed for the "credit reduction" states. The additional FUTA tax required to be paid with the Annual Form 940 each year will continue every year until these "credit reduction" states eliminate their outstanding debt to the federal government.

### **Pennsylvania Unemployment Compensation Taxes:**

Pennsylvania Unemployment Compensation Taxes vary with every employer. The PA Unemployment Contribution (UC) rate notices are usually mailed on or before December 31st. If you have not received your rate notice, you can obtain your contribution rate online (<https://www.uctax.pa.gov>) or by calling the PA Unemployment Help Desk (866-403-6163).

The wage limit for 2017 has been raised from \$9,500 to \$9,750.

Credit weeks are used to determine how many weeks of unemployment benefits an individual may receive and are reported on your UC tax and wage report. A credit week is any calendar week in which an employee earns \$116 or more. Only one credit week may be reported for each calendar week.

**Minimum Wage:**

The minimum wage remains at \$7.25.

**Tipped Employees:**

The minimum wage for tipped employees in Pennsylvania will remain at the current \$2.83 per hour. However, the employer must make up the difference if the employee's tips and the \$2.83 per hour do not meet the regular minimum wage in effect for non-tipped employees. The tipped wage applies only if an employee receives over \$30 in tips for a given month. If an employee does not make more than \$30 per month in tips, the employer must pay the regular minimum wage.