2016 Payroll Tax Update

New for 2016 – Legislation was signed in December 2015 permanently equalizing the pre-tax limit between transportation and parking. The 2016 monthly limit for both transportation and parking will be $255.

The legislation also included an increase in the *monthly pre-tax employer-provided transportation benefit* from $130 to $250 retroactive to 1/1/2015. Any employee entitled to the additional pre-tax benefit will see an additional adjustment to their pay dated 12/31/15. The refund of the FICA taxes will be included as a miscellaneous deduction in the January 2016 pay.

Social Security and Medicare wage bases and tax rates will remain unchanged.

- Social Security tax rate is 6.2% with maximum taxable earnings of $118,500.
- Medicare tax rate is 1.45% with no maximum wage base limit.
- Additional Medicare tax is 0.9% and is withheld on Medicare wages paid in excess of $200,000.

The 2016 Federal income tax tables have been published on the IRS website at [www.irs.gov](http://www.irs.gov) and the number of tax brackets will remain unchanged. The amount of one withholding has increased to $4,050 from $4,000 in 2015. The optional federal supplemental withholding rates will remain unchanged as well.

2016 State and Local tax rates also remain the same. Rate information is available on the Payroll Management website.

New W-2/1099 Notice Requirements For Businesses in Philadelphia

The City of Philadelphia requires all employers in Philadelphia to provide notification to both employees and non-employees who are residents of Philadelphia about the availability of the following two programs:
The Federal Earned Income Tax Credit ("EITC") and
The City of Philadelphia Income-based Wage Tax Refund Program
More information about these programs can be obtained from the City’s website at

Please contact Temple University Payroll Management Office at (215) 926-2244 or e-mail hrpayroll@temple.edu with additional questions.