



2009 Unemployment Taxable Wage Base Update

December 2008

Situation

A “taxable wage base” is the annual amount of wages paid by an employer to an employee that are subjected to taxes. Wage base limits are reviewed and adjusted annually. There are three primary employment taxes which are impacted by a wage limit – FICA, FUTA, and state unemployment tax. For 2009, the Social Security portion of FICA wages up to \$106,800 will be subject to tax and paid by both the employee and employer. FUTA taxes are paid by employers on the first \$7,000 of wages. State unemployment taxes are employer paid taxes and the amount of wages subject to tax vary by state. Employers should take wage base changes into account as they budget for 2009 employment tax costs.

Solution

Many states have recently published 2009 unemployment taxable wage base limits (see below). Four jurisdictions have not yet confirmed their 2009 wage base limits.

<u>State</u>	<u>Wage Base</u>	<u>State</u>	<u>Wage Base</u>	<u>State</u>	<u>Wage Base</u>	<u>State</u>	<u>Wage Base</u>
AK	<i>\$32,700</i>	ID	<i>\$33,200</i>	NC	<i>\$19,300</i>	SC	\$7,000
AL	\$8,000	IL	<i>\$12,300</i>	ND	<i>\$23,700</i>	SD	<i>\$9,500</i>
AR	\$10,000	IN	\$7,000	NE	\$9,000	TN	\$7,000
AZ	\$7,000	KS	\$8,000	NH	\$8,000	TX	\$9,000
CA	\$7,000	KY	\$8,000	NJ	<i>\$28,900</i>	UT	<i>\$27,800</i>
CO	\$10,000	LA	\$7,000	NM	<i>\$20,900</i>	VA	\$8,000
CT	\$15,000	MA	\$14,000	NV	<i>\$26,600</i>	VI	(1)
DC	\$9,000	MD	\$8,500	NY	(2)	VT	\$8,000
DE	\$10,500	ME	\$12,000	OH	\$9,000	WA	<i>\$35,700</i>
FL	\$7,000	MI	\$9,000	OK	<i>\$14,200</i>	WI	<i>\$12,000</i>
GA	(2)	MN	<i>\$26,000</i>	OR	<i>\$31,300</i>	WV	\$8,000
HI	\$13,000	MO	<i>\$12,500</i>	PA	\$8,000	WY	<i>\$21,500</i>
IA	<i>\$23,700</i>	MS	\$7,000	PR	(2)	FUTA	\$7,000
		MT	<i>\$25,100</i>	RI	<i>\$18,000</i>	SS Tax	<i>\$106,800</i>

Red Italics - Denotes increase in the taxable wage base over 2008
 (1) – Expected to increase in 2009
 (2) – Unless there are legislative changes, no increase expected in 2009

Many employers plan **mergers, acquisitions, and divestitures** on **January 1**. Based on changes in the **taxable wage bases**, analyzing the impact to employment taxes is critical.

For more information, please contact your tax consultant or **Pete Krieshok** at (314)214-7325 or pkrieshok@talx.com.