

2006 PAYROLL TAX UPDATE  
MILEAGE AND 401K LIMITS

Social Security Wage Limit

Increased from \$90,000 in 2005 to **\$94,200 in 2006.**

Social Security Percentage

Will remain the same at 6.2% for both employer and employee.

Medicare Tax of Social Security

Will remain the same at 1.45% for both employer and employee. All wages are subject to Medicare tax.

Maximum Social Security Tax Withheld (Does Not Include Medicare Tax)

Increased from \$5,580.00 in 2005 to \$5,840.40 in 2006.

Federal Unemployment Taxable Wage Limit

Will remain the same at \$7,000.

Federal Unemployment Net Tax Percentage

Will remain the same at .8%.

Missouri Unemployment Insurance Taxable Wage Limit

Will remain the same at \$11,000.

Kansas Unemployment Insurance Taxable Wage Limit

Will remain the same at \$8,000.

Requirements for Federal Employment and Withholding Taxes

You will be either a monthly or semiweekly depositor. The IRS should notify you each November of your deposit status for the coming calendar year.

2003 Mileage Rate in Effect at January 1, 2003 - \$.36 per mile.

2004 Mileage Rate in Effect at January 1, 2004 - \$.37½ per mile.

2005 Mileage Rate in Effect at January 1, 2005 thru August 31, 2005 - \$.40½ per mile.

2005 Mileage Rate in Effect at September 1, 2005 thru December 31, 2005 - \$.48½ per mile.

2006 Mileage Rate in Effect at January 1, 2006 - \$.44½ per mile.

Maximum Contribution for Elective Deferrals to 401k Plan

Increased from \$14,000 in 2005 to \$15,000 in 2006. An additional deferral may be available for employees age 50 or older of \$4,000 in 2005 and \$5,000 in 2006; however, your plan must include this catch-up provision before this can be implemented.

Maximum Contribution for Elective Deferrals to Simple Plan

Will remain the same at \$10,000 in 2005 and 2006. An additional deferral may be available for employees age 50 or older of \$2,000 in 2005 and \$2,500 in 2006.

Note

The above listed payroll tax changes reflect only changes for 2006 that have been published as of November, 2005, and are subject to change.

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