



Tax Researcher

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STATE UNEMPLOYMENT INSURANCE: YEAR 2012 TAXABLE WAGE LIMITS

Some states have changed their taxable wage limit for 2012, which is a factor in determining the employer's contribution to the state's unemployment compensation insurance program. Alaska and New Jersey also require an employee deduction based on the same wage limit. Pennsylvania requires a deduction from all employee wages. States with changes from 2011 are in bold in the table below:

| STATE | 2011 | 2012 | STATE | 2011 | 2012 | STATE | 2011 | 2012 |
|-----------------|---------------|---------------|-----------------------|---------------|-----------------|-----------------------|---------------|------------------------|
| Alabama | 8,000 | 8,000 | Louisiana | 7,700 | 7,700 | Oklahoma | 18,600 | 19,100 |
| Alaska | 34,600 | 35,800 | Maine | 12,000 | 12,000 | Oregon | 32,300 | 33,000 |
| Arizona | 7,000 | 7,000 | Maryland | 8,500 | 8,500 | Pennsylvania (ER) | 8,000 | 8,000 |
| Arkansas | 12,000 | 12,000 | Massachusetts | 14,000 | 14,000 | (EE) | Unlimited | Unlimited |
| California | 7,000 | 7,000 | Michigan | 9,000 | \$9,500* | Puerto Rico | 7,000 | 7,000 |
| Colorado | 10,000 | 11,000 | Minnesota | 27,000 | 28,000 | Rhode Island | 19,000 | 19,600/21,100** |
| Connecticut | 15,000 | 15,000 | Mississippi | 14,000 | 14,000 | South Carolina | 10,000 | 12,000 |
| Delaware | 10,500 | 10,500 | Missouri | 13,000 | 13,000 | South Dakota | 11,000 | 12,000 |
| D. C. | 9,000 | 9,000 | Montana | 26,300 | 27,000 | Tennessee | 9,000 | 9,000 |
| Florida | 7,000 | 8,500 | Nebraska | 9,000 | 9,000 | Texas | 9,000 | 9,000 |
| Georgia | 8,500 | 8,500 | Nevada | 26,600 | 26,400 | Utah | 28,600 | 29,500 |
| Hawaii | 34,200 | 38,800 | New Hampshire | 12,000 | 14,000 | Vermont | 13,000 | 16,000 |
| Idaho | 33,300 | 34,100 | New Jersey | 29,600 | 30,300 | Virgin Islands | 22,600 | 23,700*** |
| Illinois | 12,740 | 13,560 | New Mexico | 21,900 | 22,400 | Virginia | 8,000 | 8,000 |
| Indiana | 9,500 | 9,500 | New York | 8,500 | 8,500 | Washington | 37,300 | 38,200 |
| Iowa | 24,700 | 25,300 | North Carolina | 19,700 | 20,400 | West Virginia | 12,000 | 12,000 |
| Kansas | 8,000 | 8,000 | North Dakota | 25,500 | 27,900 | Wisconsin | 13,000 | 13,000 |
| Kentucky | 8,000 | 9,000 | Ohio | 9,000 | 9,000 | Wyoming | 22,300 | 23,000 |

* Michigan enacted legislation on 12/19/11 that will increase the wage base for 2012

** Rhode Island instituted a two-tier wage base effective January 1, 2012. Only employers with an assigned 9.79% UI experience rate will use the higher wage base of \$21,100. All other employers will use the lower wage base of \$19,600.

*** Virgin Islands—2012 based on phone conversation with agency

IRS ANNOUNCES STANDARD AUTO MILEAGE REIMBURSEMENT RATES EFFECTIVE 1/1/12

The IRS has announced that effective January 1, 2012, the standard mileage rate for **BUSINESS** usage will remain unchanged from the current rate of \$0.555 per mile. This amount originally went into effect July 1, 2011, when the IRS made a mid-year adjustment to recognize the increase in gasoline prices occurring at that time.

Effective on January 1, 2012, the automobile reimbursement rate for deductible **MEDICAL and MOVING** expenses decreases from \$0.235 to \$0.23 per mile.

There will be no change in the reimbursement rate applicable to mileage incurred for **CHARITABLE** purposes. That amount is set by law and remains at \$0.14 per mile.

Seeking to reduce recordkeeping, the IRS has allowed taxpayers who use no more than four vehicles at the same time for business purposes, to use the standard mileage rate instead of requiring them to document the actual expenses for each vehicle.

Any of the standard automobile mileage rates are a "short cut" authorized by the IRS when taxpayers substantiate the cost of automobile usage. The flat mileage rate does not cover parking or tolls. The IRS considers that the substantiation and adequate accounting requirements for employer-reimbursed **BUSINESS** expenses, for example, are satisfied by employers and employees who merely use the \$0.555 a mile rate. It is not necessary to provide sales receipts or other documentation, as long as the time, place, business purpose of the expense, and the number of miles traveled, are evident.

COLORADO ANNOUNCES MINIMUM WAGE RATE INCREASE

Colorado will be increasing their minimum wage effective January 1, 2012. It will increase from \$7.36 to \$7.64 per hour. For tipped employees, the minimum cash wage rate will increase from \$4.34 to \$4.62 per hour. The maximum tip credit remains at \$3.02 per hour.

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