BALSAMO, STEWART, LUTTERS & RUTH, P.A.
Certified Public Accountants & Consultants

Noteworthy News Items from Our Payroll Department

Maryland Minimum Wage Changes

New for 2015, Maryland has enacted new minimum wage requirements:

Minimum Wage Rates
$7.25 Until 12/31/14
$8.00 Effective 1/1/15
$8.25 Effective 7/1/15
$8.75 Effective 7/1/16
$9.25 Effective 7/1/17
$10.10 Effective 7/1/18

Social Security Wage Base Increases to $118,500.00:

The combined Social Security tax rate of 6.2% and the Medicare tax rate of 1.45% will be 7.65% in 2015. The maximum Social Security tax employees and employers will **each pay** in 2015 is $7,347.00.

401(k) and SIMPLE limits:

The limitation on the exclusion for elective deferrals under 401(k) and 403(b) Plans increased from $17,500.00 to $18,000.00. Catch-up contributions for individuals age 50 and over increased from $5,500.00 to $6,000.00.

The compensation amount for elective deferrals to SIMPLE Retirement Accounts increased from $12,000.00 to $12,500.00. Catch-up contributions for SIMPLE Retirement Accounts for individuals age 50 and over increased from $2,500.00 to $3,000.00.

Standard Mileage Rate:

The standard mileage rates for use of a car (vans, pickups, panel trucks) for transportation expenses incurred in 2014 are as follows:

56 cents per mile for business
23.5 cents per mile for medical or moving purposes
14 cents per mile for charitable service

The IRS has not yet released the standard mileage rates for 2015.

FSA and HSA Contribution Levels:

FSA Contribution Limits for 2015 are as follows:

	Minimum	Maximum
FSA	$25	$2,550
Dependent Care	$25	$5,000

HSA Contribution Limits for 2015 are as follows:

	Age 54 and under	Age 55 and above
Self-only coverage	$3,350	$4,350
Family coverage	$6,650	$7,650

Form 1099 Information:

Form 1099 should be prepared for any non-employee compensation, prizes and awards, attorney's fees, and medical and health care payments paid to unincorporated taxpayers when the total is $600 or more, or for any rents, interest or dividends paid to non-corporate taxpayers. Forms 1099 are required for fees paid to an attorney regardless of whether or not the business is incorporated. If you would like us to prepare these forms, we will need the name, address, Social Security or Federal ID# and total amount paid to each person or partnership. Also, indicate the nature of the payments, that is, non-employee compensation, rent or interest.

The IRS may impose a $50 fine for each failure to file a Form 1099. In addition, the IRS requires you to withhold 20% of each payment to a recipient who has **not** furnished a proper identification number to you. If you do not withhold, you may be personally liable for the taxes not withheld.

***Balsamo, Stewart, Lutters & Ruth* would like to wish all of you**

Happy Holidays!

Our offices will be closed on the following days:

Wednesday, December 24, 2014

Thursday December 25, 2014

Wednesday, December 31, 2014

Thursday, January 1, 2015

STATE OF MARYLAND
DLLR
DEPARTMENT OF LABOR, LICENSING AND REGULATION

Maryland Minimum Wage and Overtime Law

(Labor and Employment Article, Title 3, Subtitle 4, Annotated Code of Maryland)

Minimum Wage Rates

$7.25
Until 12/31/14

$8.00
Effective 1/1/15

$8.25
Effective 7/1/15

$8.75
Effective 7/1/16

$9.25
Effective 7/1/17

$10.10
Effective 7/1/18

Employers may also be subject to the Fair Labor Standards Act.

Effective Oct. 1, 2014
Prince George's Co. and **Montgomery Co.** minimum wage rates take effect. Employers in these counties are required to post the applicable rate information.

Minimum Wage

Most employees must be paid the Maryland State Minimum Wage Rate.

Tipped Employees (earning more than $30 per month in tips)**:** must earn the State Minimum Wage Rate per hour. Employers must pay at least **$3.63** per hour. This amount plus tips must equal at least the State Minimum Wage Rate.

Amusement and Recreational Establishments (who meet certain requirements): must pay employees at least 85% of the State Minimum Wage Rate or $7.25, whichever is higher.

Employees under 20 years of age: must earn at least 85% of the State Minimum Wage Rate for the first 6 months of employment.

Overtime

Most employees must be paid **1.5 times** their usual hourly rate for all work over **40 hrs.** per week. Exceptions:

- Employees of bowling establishments, and institutions providing on-premise care (other than hospitals) to the sick, the aged, or individuals with disabilities for all work over **48 hrs.** per week
- Agricultural workers for all work over **60 hrs.** per week

Exemptions

Minimum Wage and Overtime Exemptions:

- Immediate family member of the employer
- Certain agricultural employees
- Executives, administrative, and professional employees
- Volunteers for educational, charitable, religious, and non-profit organizations
- Employees under 16 working less than 20 hours per week
- Outside salesman
- Commissioned employees
- Employees enrolled as a trainee as part of a public school special education program
- Non-administrative employees of organized camps
- Certain establishments selling food and drink for consumption on the premises grossing less than $400,000 annually
- Drive-in theaters
- Establishments engaged in the first canning, packing or freezing of fruits, vegetables, poultry, or seafood

Overtime Exemptions (must earn the State Minimum Wage Rate):

- Taxicab drivers
- Certain employees selling/servicing automobiles, farm equipment, trailers, or trucks
- Non-profit concert promoter, theater, music festival, music pavilion, or theatrical show
- Employers subject to certain railroad requirements of the U.S. Dept. of Transportation, the Federal Motor Carrier Act, and the Interstate Commerce Commission

FOR MORE INFORMATION OR TO FILE A COMPLAINT CONTACT:

Employment Standards Service
Maryland Department of Labor, Licensing and Regulation
1100 N. Eutaw St. Rm. 607 Baltimore, MD 21201
Web: http://www.dllr.maryland.gov/labor/wages
Phone: 410-767-2357 Email: ess@dllr.state.md.us

EMPLOYERS ARE REQUIRED BY LAW TO POST THIS INFORMATION.
PAY RECORDS MUST BE KEPT FOR 3 YEARS ON OR ABOUT THE PLACE OF WORK.
PENALTIES ARE PRESCRIBED FOR VIOLATIONS OF THE LAW.

Rev. 5/14