



Mileage rates

The IRS announced a mid-year adjustment to the 2011 optional mileage rates to reflect an increase in gasoline prices since the rates were set in late 2010. The business standard mileage rate rises to 55.5 cents-per-mile and the medical/moving standard mileage rate to 23.5 cents-per-mile, both representing a 4.5 cents-per-mile increase for the second half of 2011. The charitable standard mileage rate, which is determined by statute, is unchanged for the second half of 2011.

Health savings accounts

The IRS provided inflation-adjusted amounts for health savings accounts (HSAs) for 2012. The amounts generally increased from 2011. For calendar year 2012, the annual contribution limit for an individual with self-only coverage under a high deductible health plan (HDHP) is \$3,100, up from \$3,050 for calendar-year 2011. The corresponding limit for an individual with family coverage under an HDHP is \$6,250, up from \$6,150 for calendar-year 2011. For calendar year 2012, an HDHP is defined as a health plan with an annual deductible that is not less than \$1,200 for self-only coverage and \$2,400 for family coverage. These amounts are unchanged from calendar year 2011.

FUTA surtax

The 0.2 percent federal unemployment tax (FUTA) surtax expired after June 30, 2011. Prior to July 1, 2011, FUTA was made up of the permanent 6.0 percent rate and the 0.2 percent surtax for a combined tax rate of 6.2 percent. The 0.2 percent surtax, originally enacted in 1976, had been extended by the *Worker, Homeownership and Business Assistance Act of 2009 (2009 Worker Act)* through 2010 and the first six months of 2011. As a result of the expiration of the surtax, the FUTA tax rate falls to 6 percent before any state unemployment tax credits are taken into account.

If you have any questions about these or any federal tax developments, please contact our office.