

CLIENT ALERT

From

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Payroll Tax Cut to be Extended

The social security tax rate will remain at 4.2% until the end of February, 2012. The rate was scheduled to rise to 6.2% at the beginning of 2012.

There is speculation that the tax cut will be extended for the remainder of 2012, but as of this date, there are no plans for an extension.

Although...

If the tax cut is NOT extended for the remainder of the year, individuals will only be allowed the 4.2% rate up to \$18,350 of wages through the end of February, 2012. Wages exceeding this amount will be taxed an additional 2% on the individual's 2012 tax return.

The wage limit discourages individuals from taking excessive wages in January and February in order to forgo an additional 2% tax.



Please watch our website for any further tax updates.

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