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TAX ALERT

PAYROLL TAX CUT EXTENSION PASSED BY CONGRESS

Congress has passed the Middle Class Tax Relief and Job Creation Act of 2012 (the "Act"), and the President is expected to sign the bill as soon as it reaches the White House. The Act extends the two-percent reduction in the employee's portion of the Social Security tax through the end of 2012. Passage of the Act will mean that the employee's portion of the Social Security tax will remain at 4.2 percent for all of 2012. The self-employment tax rate for self-employed individuals will also remain at the lower 10.4 percent for all of 2012.

The Act also repeals the "recapture" provision that would have been payable in 2013 by certain individuals under the temporary, two-month extension of the payroll tax cut included in the Temporary Payroll Tax Cut Continuation Act of 2011. This recapture provision had applied to individuals that received more than \$18,350 in wages in January and February 2012.

Also repealed by the Act are the various timing shifts that have been adopted in the past several years related to estimated tax payments required to be made by certain large corporations (those with assets of at least \$1 billion).

IRS CIRCULAR 230 DISCLOSURE

Pursuant to the Treasury Regulations, any tax advice contained in this communication (including any attachments) is not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer.

Questions?

If you wish to discuss any of the above items, please contact Charles Marston or Rich Pacella at (724) 934-0344, or email at cmarston@srsnodgrass.com or rpacella@srsnodgrass.com