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UPDATE

Tax Relief Act of 2010

December 20, 2010

The Tax Relief Act of 2010 has passed in Congress and has been signed into Law by President Barack Obama. The law will extend the Bush-era tax cuts, which were set to expire on December 31, 2010, for two years through December 31, 2012.

Included in this legislation is a 2% reduction of the employee's share of social security tax for the first \$106,800 of wages in 2011, lowering the rate to 4.2% from the current 6.2%; employers would continue to pay the full rate of 6.2%.

The IRS also released new Federal income tax withholding tables for wages paid in 2011.

Keystone Payroll will update and apply the changes automatically for payrolls to be processed in 2011.

If you should have any questions or concerns, please do not hesitate to contact us.