

Something Must Know About Year 2011 Payroll Tax Cut

IRS asks that employers start using the new social security rate as soon as possible in Year 2011 but not later than January 31, 2011. Learn more from www.halfpricesoft.com/index.asp

The Tax Relief Act was signed into law by President Obama on December 17, 2010. Followings Q&A will help you better understand the payroll tax cut.

Q 1: What are the changes caused by recent Tax Relief?

A: For Year 2011, the employee tax rate for social security is reduced to 4.2%. The employer tax rate for social security remains unchanged at 6.2%.

Q 2: Are all employers affected by this payroll tax cut?

A: Yes, all employers are impacted by this change from Jan 1, 2011. Both for-profit companies and nonprofit companies need to adjust their payroll processing for the Social Security tax rate.

Q 3: What should employers do?

A: The IRS recognizes that the late enactment of these changes makes it difficult for many employers to quickly update their withholding systems.

IRS asked that employers should start using the new withholding tables and reducing the amount of Social Security tax withheld as soon as possible in 2011 but not later than Jan. 31, 2011.

For any Social Security tax over withheld during January, employers should make an offsetting adjustment in workers' pay as soon as possible but not later than March 31, 2011.

Employers and payroll companies will handle the withholding changes, so workers typically won't need to take any additional action, such as filling out a new W-4 withholding form.

Q 4: What impact will this have on employees?

A: Millions of workers will see their take-home pay rise during 2011 because the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 provides a two percentage point payroll tax cut for employees, reducing their Social Security tax withholding rate from 6.2 percent to 4.2 percent of wages paid. This reduced Social Security withholding will have no effect on the employee's future Social Security benefits.

Q 5: Where employers can find latest income tax table.

A: Employer can find Year 2011 Federal Income Tax Tables at http://www.halfpricesoft.com/Federal_income_tax_2011.asp

Halfpricesoft.com released the new version of ezPaycheck payroll software which includes the latest new tax tables released by the Internal Revenue Service. These tax tables incorporate the changes introduced by the Tax Relief Act, which was signed into law by President Obama on December 17, 2010.

[ezPaycheck payroll software](#) is loaded with intelligent, intuitive features, but not burdened by complicated suites of expensive applications small businesses will never use or need. The software is ideal for owners of small to mid-sized businesses, and was designed and engineered for ease-of-use by those who have only basic computer skills and little accounting know-how.



"Small business owners shouldn't be spending hour after hour setting up and learning to use payroll software," said Halfpricesoft.com founder Dr. Ge. "We designed ezPaycheck to be powerful, yet simple, so anyone can use it, and ezPaycheck 2011 is the most easy-to-use version to date."

Based in Louisville, Ky., Halfpricesoft.com develops and distributes a wide range of small business software titles that are affordable and easy-to-use, including ezPaycheck 2011.

Additional titles available from Halfpricesoft.com include ezW2, ezCheck Printing, ezCheck Personal Edition and ezTimeSheet. The Halfpricesoft.com web site also contains resources and links to help small businesses with their payroll, accounting and tax reporting needs.

Learn more about ezPaycheck payroll software at <http://www.halfpricesoft.com/index.asp>

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