

# *The Bankler Report*

January 3, 2011

## INTRODUCTION

As part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the 2010 Tax Relief Act), which was signed by President Obama on December 17, 2010 (See The Bankler Report of December 12, 2010), **EMPLOYEES** pay reduced payroll taxes for **ALL payroll checks ISSUED in 2011!**

### **Temporary Employee Payroll Cut for 2011.**

Under prior law, employees pay 6.2% Social Security Taxes on all wages up to \$106,800. (Self-employed pay 12.4%.) The Law now provides a payroll/self-employment tax holiday of 2 percentage points. As a result, **EMPLOYEES will pay only 4.2% Social Security Tax for ALL PAYCHECKS PAID in 2011.** **EMPLOYERS** will still pay 6.2% on these wages. The self-employed will pay a combined 10.4%.