

### ■ PAYROLL TAX CUT TEMPORARILY EXTENDED INTO 2012

**The Temporary Payroll Tax Cut Continuation Act of 2011 was signed into law by President Obama late last month.** This Act temporarily extends the 2% payroll tax cut for employees, continuing the reduction of the employee Social Security tax withholding rate from 6.2% to 4.2% of wages paid through February 29, 2012.

The Internal Revenue Service advises that employers should implement the new payroll tax rate as soon as possible in 2012, but no later than January 31, 2012. 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, 2012.

### ■ JAN 1 FLORIDA MINIMUM WAGE INCREASE

**Effective January 1, 2012, the minimum wage has changed in Florida.** Florida law requires an employer to pay the higher of the approved minimum wage for Florida or the approved federal minimum wage. As of today, Florida's rate exceeds the federal rate. **The new Florida rate is \$7.67 per hour. (\$4.65 per hour for direct hourly wages for "tipped employees").** The Florida rate will be reviewed again in September 2012 for any additional changes.

Please visit [http://www.floridajobs.org/minimumwage/Announcement-FL\\_MinWage2012.pdf](http://www.floridajobs.org/minimumwage/Announcement-FL_MinWage2012.pdf) if you would like additional information from the Florida Department of Economic Opportunity on the new minimum wage.

### ■ JAN 1 FLORIDA UNEMPLOYMENT RATE (SUI) CHANGE

**Effective January 1, 2012, the Florida Unemployment Rate has changed.** Effective January 1, 2012, the Florida Unemployment Compensation rates range from a minimum of 2.02% to a maximum rate of 5.4% (on annual salary up to \$8,500 per employee). These are increases over the 2011 minimum rate of 1.03% and maximum rate of 5.4% (on annual salary of \$7,000 per employee). In addition, beginning January 1, 2012, the credit employers can take against their Annual Federal Unemployment Tax decreases by .3 percent: from 5.1% in 2011 to 4.8% in 2012. This additional .3 percent assessment is designated to repay a \$2 billion loan to the Florida Unemployment Compensation Fund which was granted through federal stimulus spending. This effectively increases your FUTA tax from .3% to .5%.

If you use a software program or payroll service to prepare your payroll, we encourage you to check to make certain that all applicable tax rate adjustments have been updated and review your first payroll of January, 2012, to ensure the changes were applied. Please contact us if you need additional information or assistance implementing this or other payroll tax changes.

### ■ ORGANIZERS ARE IN THE MAIL

Happy new year! The start of a new year also signals that tax season has arrived yet again. Please watch for your organizer in the mail. We welcome the opportunity to provide you with assistance with federal, state and payroll tax matters.

Please visit our website at [www.bayliscpas.com](http://www.bayliscpas.com)