



December 2010

Dear Valued Client:

We are writing to notify you that Congress has passed the Middle Class Tax Relief Act of 2010 after extensive debate in the House. President Obama signed the bill into law on December 17, 2010. Payroll items in the bill include:

- A one-year, two percentage point reduction in the employee portion of Social Security tax from the current 6.2% to 4.2% (commonly referred to as a payroll tax holiday).
- a two-year extension of the Bush era tax rates across all income levels

A provision in the Recovery Act was also extended which allows families with three or more children to claim an earned income tax credit on their personal tax return.

Efforts are underway to code the payroll systems with the lower 4.2 percent employee Social Security rate. The new IRS withholding tables have just been released and are currently being coded into the system as well.

If you have any questions, please contact your customer service representative at 516-931-8400. Thank you for choosing Advantage Payroll Services.

Sincerely,

The Specialists at Advantage