Increased Payroll Tax on January 2012 Paychecks

Many faculty and staff have kept an ear tuned to the current debate in Washington D.C. about the “Payroll Tax.” Last year’s Tax Relief Act of 2010 reduced the employee OASDI rate for 2011 from 6.2% to 4.2%. The rate is scheduled to go back to 6.2% starting January 1, 2012. Currently, the debate in Congress pertains to whether to keep the employee share of the OASDI at the 4.2% rate for either a portion of or all of calendar year 2012. As of December 20, 2011, no legislation has passed extending the rate of 4.2%.

Processing the January 1st payroll using the 6.2% employee contribution rate has been completed. If any change in legislation occurs between now and the end of the year, we plan to implement the newly revised rate as soon as possible. Thus, any change in rate will be reflected on the employee’s paycheck after implementation of the rate change in our payroll system, along with any needed correction to retroactively withhold at the lower rate.

If you have any questions, please contact the UCDHS Payroll Office.