DATE: December 27, 2012

PAYROLL LETTER #12-022

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Lisa Crowe, Chief
Personnel/Payroll Services Division

RE: EXPIRATION OF THE MIDDLE CLASS TAX RELIEF AND JOB CREATION ACT OF 2012 (TRA 2012)

This is to advise you that the TRA 2012 is set to expire on December 31, 2012. The TRA 2012 temporarily reduced the social security tax rate paid by employees from 6.2% to 4.2% for wages paid through December 31, 2012.

At this time, the Personnel/Payroll Services Division (PPSD) has revised the tax tables due to the expiration of the temporary reduction under the current law (TRA) with a prescribed rate of 6.2% as the social security tax rate to be paid by employees beginning with payrolls that are issue dated January 1, 2013. The withholding of social security taxes will apply to the first $113,700. Thus, the annual maximum amount that can be withheld will be $7,049.40.

The revised payroll tax tables have been implemented beginning with the December 2012 monthly and second half semi-monthly master payrolls. Further, subsequent payrolls with an issue date of January 1, 2013 and thereafter will have the federally prescribed employee social security tax rate of 6.2% in effect.

The revised rate will be published in the next update of the Payroll Procedures Manual. Also, the following calculators have been updated and are accessible from the State Controller's Office public website:

- Paycheck calculator: [http://www.sco.ca.gov/PPSD_SE_Paycheck_calc.html](http://www.sco.ca.gov/PPSD_SE_Paycheck_calc.html)
- Industrial Disability Leave Supplementation calculator: [http://www.sco.ca.gov/PPSD_IDLS.html](http://www.sco.ca.gov/PPSD_IDLS.html)
- Leave Offset Calculator (will be updated following the final payroll cycle in 2012 scheduled for today, December 27, 2012)

A subsequent Payroll Letter will be issued if any revisions to the employee social security tax rate are received from the IRS. If you have any questions regarding this Payroll Letter contact the Customer Contact Center at (916) 372-7200.

LC:JD:TSS