



***From the Office of the APA Liaison  
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**Social Security Wage Base Increases to \$113,700 in 2013**

The Social Security Administration has announced that the 2013 social security wage base will increase to \$113,700. The maximum social security tax employees and employers will each pay in 2013 is \$7,049.40. Visit the APA's website for a copy of the compliance update.

**Employee Social Security Tax Rate Goes Back to 6.2%**

But employees' net pay will generally go down because ATRA 2012 does not extend the reduced 4.2% employee social security tax rate to wages paid after December 31, 2012. The employee tax rate for all social security wages paid in 2013 up to the wage base of \$113,700 is 6.2%, the same as the employer tax rate. In Notice 1036, the IRS tells employers to implement the 6.2% employee social security tax rate as soon as possible, but not later than February 15, 2013, and to make an adjustment to correct any underwithholding as soon as possible, but not later than March 31, 2013.

**Supplemental Withholding: Optional Rate Stays at 25%; Mandatory Rate to 39.6%**

Because ATRA 2012 maintains the 25% tax bracket, the optional flat rate for federal income tax withholding from supplemental wages up to \$1 million remains at 25%. However, the establishment of a new maximum individual tax rate of 39.6% means that the mandatory flat rate for federal income tax withholding from supplemental wages that exceed \$1 million increases from 35% to 39.6% for qualifying payments made on or after January 1, 2013.

**Backup Withholding Rate**

Because ATRA 2012 maintains the fourth lowest tax rate at 28%, the backup withholding rate for payments made to independent contractors that fail to provide a valid Taxpayer Identification Number (TIN) remains at 28%.

**2013 Withholding Tables Issued**

With the tax rates remaining relatively stable, most employees will not see an increase in their federal income tax withholding for 2013, and many will see a slight decrease because of adjustments for inflation. On January 3, the IRS issued [Notice 1036, Early Release Copies of the 2013 Percentage Method Tables for Income Tax Withholding](#). Wage-bracket withholding tables for wages paid in 2013 have not yet been released. In Notice 1036, the IRS tells employers to implement the tables as soon as possible, but not later than February 15, and to use the 2012 withholding tables until they can implement the 2013 tables. This version replaces an earlier version of Notice 1036 issued on December 31, 2012, whose tables were based on higher tax rates that would have taken effect had ATRA 2012 not been enacted.

**Most Pension Plan Limits Increase in 2013.** The IRS has announced the cost-of-living adjustments applicable to dollar limits on benefits and contributions under qualified retirement plans, as well as other items, for tax year 2013. Many of the pension plan limits will increase in 2013. However, other limits will remain unchanged because the increase in the index did not meet the statutory thresholds that trigger their adjustment. Taxpayers may contribute up to \$17,500 to their 401(k) Plans in 2013. For additional information, please visit the Internal Revenue website. Please visit the website at <http://www.irs.gov/uac/2013-Pension-Plan-Limitations>

**IRS Announces Changes in 2013 Amounts for Foreign Earned Income Exclusion and More.** For 2013, the maximum foreign earned income exclusion amount is \$97,600. The maximum amount of the foreign housing cost exclusion is \$13,664.

**SUI Taxable Wage Bases for 2013**

To find out which state unemployment insurance taxable wage bases are changing next year, please visit the website at <http://www.americanpayroll.org/members/stateui/state-ui-2/>.

### **Cost-of-Living Adjustment (COLA) for 2013**

Monthly Social Security and Supplemental Security Income (SSI) benefits for nearly 62 million Americans will increase 1.7 percent in 2013. The 1.7 percent cost-of-living adjustment (COLA) will begin with benefits that more than 56 million Social Security beneficiaries receive in January 2013. Increased payments to more than 8 million SSI beneficiaries will begin on December 31, 2012. For more information, visit the website at <http://www.socialsecurity.gov/cola>

**Office of Child Support Enforcement** has redesigned their website which makes it easier for employers to navigate to find important topics and information. You can easily locate the resources you need through their new search functions. The redesigned website has a tab for employers which include contacts for state disbursement units, EFT-EDI coordinators, lump sum and new hire reporting information. Please visit their website at <http://www.acf.hhs.gov/programs/css/employers>

### **Business Standard Mileage Rate Increases to 56.5 cents in 2013**

The IRS has announced that the business standard mileage rate for transportation expenses paid or incurred beginning January 1, 2013, will be 56.5 cents per mile, up one penny from the rate in effect during 2012 [Notice 2012-72, released 11-21-12; [www.irs.gov/pub/irs-drop/n-12-72.pdf](http://www.irs.gov/pub/irs-drop/n-12-72.pdf)].

### **Additional Medicare Tax**

The IRS has published proposed regulations implementing the additional 0.9% Medicare tax (Additional Medicare Tax) created by the Affordable Care Act and imposed on wages above certain threshold amounts beginning in 2013. The IRS also posted on its website a series of questions and answers to help individuals and payroll service providers prepare for the Additional Medicare Tax. For additional information, please visit <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Questions-and-Answers-for-the-Additional-Medicare-Tax>

**Missouri Minimum Wage** increased from \$7.25 per hour to \$7.35 per hour effective January 1, 2013. Since the state tip credit is 50% of the minimum wage, it will increase to \$3.67 an hour from \$3.62 an hour.

### **Payroll Education Grants – Your Ticket to Free Education**

Would you like to attend Congress for free? What about receiving APA's complete library of publications at no cost? Apply today for one of 10 payroll education grants presented by the APA, Kronos, and Global Cash Card to help your professional growth and development. Candidates must be in good standing with the American Payroll Association (APA); must have a minimum of three years of work experience in the payroll field; previous grant winners are not eligible to apply for another award until at least three years after receiving the previous award. Candidates must be a current member in good standing of the American Payroll Association; and minimum of three years of work experience in the payroll field and previous grant winners are not eligible to apply for another award until at least three years after receipt of their previous award. **The application deadline is February 25, 2013.** To become a member of the American Payroll Association (APA), please visit the website at [www.americanpayroll.org](http://www.americanpayroll.org) to discover how membership in the APA can benefit you.

### **GAPP Survey Monkey**

Please take a moment to complete the survey monkey to provide us with your feedback and suggestions for GAPP meetings. Following is the hyperlink to the survey <http://www.surveymonkey.com/s/GKXY2SD>. Your feedback is important to us and will assist us as we plan for upcoming meetings for the New Year. Please complete the survey by **January 23, 2013**.

### **Free Webinars**

#### **Payroll in the Cloud: How SaaS-Based Payroll Lowers Cost and Increases Efficiency**

Learn how using an Internet based payroll solution can transform your payroll processes saving you time, money, and resources. To begin, we'll provide a simple introduction to SaaS so that we all have a basic understanding of what it is. Then we'll dive into a discussion about the benefits of a SaaS payroll solution. How can it reduce your payroll headaches? How can it save your company money? How can it help you to produce a perfect payroll every time? Finally, while your options for a SaaS payroll solution continue to increase, it is important to realize that not all SaaS payroll solutions are created equal. We'll point out key differentiators to look out for. **Earn 1 RCH – Product Code 12ASC1PR**

### **Payroll in the Cloud – Earn 1 RCH – Product Code 12WDY01R**

Are the complexities of your existing payroll system unmanageable? Is it unified with your HR and financial systems? Are you getting real-time insight to better manage your business? Hear a real-life case study providing the reasons and benefits a company has moved its enterprise applications to the cloud. By unifying Human Capital Management and payroll in the cloud, companies reduce costs, shortened the time to run payroll while regaining control over the process, and freed up resources to focus on more strategic imperatives. In this webinar you will learn how moving your payroll processing to the cloud will benefit your organization and what steps must be taken when moving the cloud.

### **Transforming Your Company with a Payroll Card Program – Product Code 12FSV1PR – 1 RCH**

While you may know that electronic payroll cards reduce costs, offer great employee benefits, and increase a company's productivity, it may be difficult to get your company behind the initiative. There are a number of factors that must be addressed before legal, operations, HR, and finance will sign off on an electronic payroll proposal with payroll cards. In this webinar, you'll discover a best practices road map that can help prepare your organization for implementing a successful payroll card program. Additionally, you'll gain tangible insight into what the most successful programs have in common and how payroll card programs provide outstanding value to both employers and employees.

### **06/15/13 – Prepare Yourself for the Fall 2013 CPP and FPC Exams – Product Code 13CER02L**

This webinar will provide successful methods in preparing for the exams and what you will experience while taking the exam. By attending this webinar, you will learn: What topics are covered on the FPC & CPP exams and How to effectively prepare for the exam. There is no RCH for this webinar.

Please visit our website at [www.gatewaypayroll.org](http://www.gatewaypayroll.org) to obtain additional information on free webinars that are still available for your enrollment. Don't miss the opportunity to obtain earn RCH's at no cost to you!

## **Conferences**

### **Capital Summit**

The Capital Summit will be held in Washington, D.C. from **March 11-12, 2013**. To obtain additional information, please visit the website at <http://www.americanpayroll.org/product/?cid=48&gid=87#100404>

### **Congress 2013 - \$100 Savings**

The 31<sup>st</sup> annual Congress will be held from **May 7-11, 2013** at the Gaylord Texan Hotel and Convention Center in Grapevine, TX. Register before March 1, 2013 and receive a \$100 savings. Visit the website to register at <http://www.americanpayroll.org/product/?cid=48&gid=23#13CONGRS>

### **2012 Digital Catalog**

Explore APA's full menu of educational resources -- from texts, printed and electronic, to training, in-person and online. Click on your picks in the [2012 Digital Catalog](#) to build a professional development plan perfect for you and your team. Please visit the website at [http://www.nxtbook.com/nxtbooks/americanpayroll/Catalog\\_2012Spring/](http://www.nxtbook.com/nxtbooks/americanpayroll/Catalog_2012Spring/)

### **Midwest Regional Payroll Conference**

The 11<sup>th</sup> Annual Midwest Regional Payroll Conference will be held from **October 9 – 11, 2013**, at the Hilton Convention Center in Branson, MO. Please visit the website at <http://www.mwpayrollconf.org/>

## **Publications**

### **The Payroll Source**

The Payroll Source® provides the essential information you need to keep your company in compliance with federal laws and regulations affecting your payroll operations. Comprehensive and clearly written by a leading payroll expert, this revolutionary book eliminates the need to refer to multiple sources seeking answers to your payroll questions. Order by **1/31/13** to save up to \$45! <http://www.americanpayroll.org/product/14/73>

### **Federal Tax Laws and Regulations**

This text contains the exact language of payroll-related sections of the Internal Revenue Code and IRS Regulations. Included are the HIRE Act of 2010, Health Care Reform, final regulations covering Employee Stock Purchase Plans, and more. Order by **1/31/13** to save up to \$15! <http://www.americanpayroll.org/product/14/31>

### **Federal Non-tax Laws and Regulations**

A perfect companion to **Federal Payroll Tax Laws & Regulations**, this manual allows you to quickly reference the Fair Labor Standards Act (Wage-Hour Law), Family and Medical Leave Act, Immigration Reform and Control Act, Social Security Act, the DOL white collar exemption regulations, and more. Order by **1/31/13** to save up to \$15! <http://www.americanpayroll.org/product/14/50>