

Florida Today article 11-1-12

Hey Dan “the tax man”, I keep hearing about this “fiscal cliff” if Congress does not act on tax extenders and agree on spending cuts by the end of the year. How will this affect my business and is there anything I should be aware of for 2012 or 2013?

This is a good question. Fortunately (or unfortunately depending on your perspective) most of the issues affect individuals. As far as the business impact, the things you need to be aware of as a business owner are as follows:

- 1) The current payroll tax cut on social security for employees will expire at the end of 2012. This will be a 2% increase in the social security that needs to be withheld by you as the employer. This is also not expected to be extended into 2013.
- 2) Due to the health care bill, there will be an increased Medicare withholding at the rate of .9% (total 2.35%) on wages paid in excess of \$200k for individuals and \$250k for married filing joint returns. As the employer, you will need to withhold this from your employees if their wage exceeds the \$200k. You will not be required to determine if a married person is over the \$250k level if their wage was under the limit. This will be accounted for on their individual return.
- 3) Work opportunity tax credit for hiring qualified veterans expires in 2012.
- 4) 50% bonus depreciation expires in 2012
- 5) Sec. 179 limit is currently \$139k for 2012 and is currently set at \$25k for 2013 (although this is expected to be increased along with other expiring provisions)
- 6) 2012 W-2s (due by January 31, 2013) need to include in box 12 with code DD the aggregate cost of employer-sponsored health coverage

It is important that you see your tax preparer before the end of the year to make sure you know what the full impact the “fiscal cliff” will have on your business and personal life and what things you can do to minimize your overall tax liability for 2012 and 2013. Should you have further questions, feel free to call my office.