

## What is the America's Job Act of 2011?

- ✘ **Social security tax rate reduction** - For both employees and employers, the social security tax rate would be reduced to 3.1% for calendar year 2012, a reduction from the 2011 rate of 4.2% for employees and 6.2% for employers. The employer reduction would apply to the first \$5 million of an employer's wages paid by all employers other than federal, state, and local government employers (except for public colleges and universities) and employers of household workers.
- ✘ **Tax credit for increased payroll** - For the last quarter of 2011 and all of calendar year 2012, employers would get a "payroll increase credit" for the employer share of social security tax paid on increases in wages paid from the same period of the prior year. The credit would be available on up to \$12.5 million of an employer's increased wages paid in the fourth quarter of 2011 and up to \$50 million of an employer's increased wages paid in calendar year 2012, and would be available to the same group of employers that are eligible for the social security tax rate reduction. The employer would receive a credit of only 3.1% on the difference between wages paid in 2012 versus 2011 up to the \$5 million limit to which the social security tax rate reduction applies, to prevent an employer from getting both the social security rate reduction and payroll increase credit on the same wages.
- ✘ **Withholding on payments to government contractors delayed again** - The effective date of the requirement that governmental entities withhold 3% from payments to contractors providing property or services would be further delayed to payments made after December 2013.
- ✘ **Tax credits for hiring veterans** - The current tax credit for hiring veterans who have been unemployed for at least 6 months and have a service-connected disability would increase from \$4,800 to \$9,600. There would also be two new tax credits: \$2,400 for hiring veterans who have been unemployed for at least 4 weeks and \$5,600 for hiring veterans who have been unemployed for at least 6 months. The Treasury Secretary would provide methods for certifying a veteran's unemployed status.
- ✘ **Tax credit for hiring the long-term unemployed** - Employers would get a tax credit of \$4,000 for hiring individuals who have been unemployed at least 6 months. The Treasury Secretary would provide methods for certifying an individual's unemployed status.
- ✘ **No discrimination against the unemployed** - It would be unlawful for employers to refuse to hire an individual because the individual is currently unemployed or to include a provision in any job advertisements stating that unemployed individuals will not be considered for a job.

### Employee use of business cell phones is not taxable

In Notice 2011-72, released on September 14, the IRS announced that, when an employer provides an employee with a cell phone primarily for "noncompensatory business reasons," the IRS will treat the employee's use of the cell phone for business as a nontaxable working condition fringe benefit without any further substantiation. The IRS will also treat the value of any personal use of such a cell phone as a nontaxable de minimis fringe benefit.