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DATE: January 03, 2013

SUBJECT: **UPDATED 2013 Early Release** Tax Changes for Visual ContrAcct customers

The government has finalized the 2013 Payroll Tax Rates and signed them into law. The new tax tables are included in this notice. Also included is the IRS Website newsletter. Please update your tax tables accordingly and thank you for your patience regarding this.

## IRS Provides Updated Withholding Guidance for 2013

IR-2013-1, Jan. 3, 2013

WASHINGTON — The Internal Revenue Service today released updated income-tax withholding tables for 2013 reflecting this week's changes by Congress.

The updated tables, issued today after President Obama signed the changes into law, show the new rates in effect for 2013 and supersede the tables issued on December 31, 2012. The newly revised version of Notice 1036 contains the percentage method income-tax withholding tables and related information that employers need to implement these changes.

In addition, employers should also begin withholding Social Security tax at the rate of 6.2 percent of wages paid following the expiration of the temporary two-percentage-point payroll tax cut in effect for 2011 and 2012. The payroll tax rates were not affected by this week's legislation.

Employers should start using the revised withholding tables and correct the amount of Social Security tax withheld as soon as possible in 2013, but not later than Feb. 15, 2013. For any Social Security tax under-withheld before that date, employers should make the appropriate adjustment in workers' pay as soon as possible, but not later than March 31, 2013.

Employers and payroll companies will handle the withholding changes, so workers typically won't need to take any additional action, such as filling out a new W-4 withholding form.

As always, however, the IRS urges workers to review their withholding every year and, if necessary, fill out a new W-4 and give it to their employer. For example, individuals and couples with multiple jobs, people who are having children, getting married, getting divorced or buying a home, and those who typically wind up with a balance due or large refund at the end of the year may want to consider submitting revised W-4 forms.

More information can be found on this website.

<http://www.irs.gov/uac/Newsroom/IRS-Provides-Updated-Withholding-Guidance-for-2013>



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Review the **2012** Year End Instructions and then proceed with the following tax changes.

## 2013 TAX TABLE EARLY RELEASE

### FEDERAL INFORMATION & WITHHOLDING TAX TABLE

Admin > Payroll > Tax Tables > Federal

[-----INFORMATION-----]

Standard Exemption	\$3,900.00		
Employer Soc Sec	%6.20	Employer Medicare	% 1.45
Employee Soc Sec	%6.20	Employee Medicare	% 1.45
Soc Sec Limit	\$113,700.00		
Fed Unemployment	% **. **	Federal Unemployment Max	\$ 7,000.00
401K Limit	\$17,500.00 ****		
Over 50 401K Limit	\$23,000.00 ****		

\*\*. \*\* Federal Unemployment tax is generally .6% on the first \$7,000. However, employers in credit reduction states are subject to a higher rate, but that rate will not be determined until mid-November, 2013. Please check with your accountant if you are unsure what rate to use.

\*\*\*\* These limits pertain to payroll deductions where "Section 401K Deduction (non-Roth)" is checked.

[-----SINGLE-----]

<u>LOWER LIMIT\$</u>	<u>TAX \$</u>	<u>PLUS %</u>
2,200.00	0.00	10.00
11,125.00	892.50	15.00
38,450.00	4,991.25	25.00
90,050.00	17,891.25	28.00
185,450.00	44,603.25	33.00
400,550.00	115,586.25	35.00
402,200.00	116,163.75	39.60

[-----MARRIED-----]

<u>LOWER LIMIT\$</u>	<u>TAX\$</u>	<u>PLUS %</u>
8,300.00	0.00	10.00
26,150.00	1,785.00	15.00
80,800.00	9,982.50	25.00
154,700.00	28,457.50	28.00
231,350.00	49,919.50	33.00
406,650.00	107,768.50	35.00
458,300.00	125,846.00	39.60

## STATE & LOCAL INFORMATION & WITHHOLDING TAX TABLE

**2013** Illinois State Unemployment Tax taxable wage base amount (employee gross limit) decreased from \$13,560.00 (2012) to \$12,900.00 (2013). As always, you are responsible for changes to all state tax tables.

From the Admin Menu, Select Payroll > Tax Tables > State/Local

Click the binoculars icon or (type Ctrl + L) for a list

Highlight the state you need to change and hit Enter or (double click on it).

Make the needed changes and type Ctrl + S to save.