



IMPORTANT YEAR-END INFORMATION

TO: Surge's Valued Client Companies

RE: Year End Notices for your Employees

As a small business owner, you and your employees should be aware of the following year-end information:

SOCIAL SECURITY TAX BREAK SET TO EXPIRE DECEMBER 31ST

This year, employees have been paying 2.00% less for their portion of Social Security and Medicare taxes. Usually employees and employers both pay 7.65% of wages for Social Security and Medicare taxes (6.2% for Social Security and 1.45% for Medicare.) This past year, however, the employee's share of Social Security tax has been reduced to 4.2% of wages. This was a part of the federal government's attempts to improve the economy. Unless Congress and the President can agree on an extension, the tax reduction will expire on December 31, 2011. This will mean every employee will see an 'additional' 2% tax on their 2012 wages.

THIS IS A GOOD TIME TO INSURE EMPLOYEE ADDRESSES ARE CORRECT

In January Surge will be sending federal tax forms W-2 to every employee. We will use the last address we have on record to mail this critical tax form. Please remind your employees to update you (and Surge) with any address changes so that no employee will be delayed in filing income tax returns.

NEW W-4s MUST BE FILED BY ANYONE CLAIMING TO BE 'EXEMPT' FROM WITHHOLDING TAX

Some employees claim on their form W-4 to be exempt from federal withholding (income) tax. This claim must be renewed every year or the employee's tax rate will automatically 'reset' to Single, Zero Deductions (which would really change their tax bite!). Please remind your employees to re-file a W-4 with Surge if they wish to maintain their 'exempt' federal tax status.

It's a good idea, by the way, for every employee to reconsider their tax withholding rate; any employee wishing to make a change (due to births, marriages, divorces, emancipations, home purchases, etc.) should also re-file a W-4 with Surge as soon as possible.

Let's keep working together to remain in compliance! Call us with all your human resources questions.
Surge Resources is your Workforce Management Company!

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