

August 26, 2011

FUTA Surtax Has Expired



On June 30, 2011, the Federal Unemployment Tax Act (FUTA) rate went from 6.2 percent to 6.0 percent. The longstanding 0.2 percent surtax was not extended by Congress. As of July 1, 2011, employers can update their systems to the 6.0 percent tax rate and track separately the FUTA wages paid before and after June 30, 2011. The employer's annual FUTA tax return will need to be revised to accommodate the two different rates for calendar year 2011.

If Congress should decide to reinstate the 0.2 percent surtax, the IRS has stated that there will be no penalties to employers for underpayments as a result of this retroactive extension to July 1, 2011.

###

We hope this information is helpful. If you would like more details, please contact a Kerkering Barberio professional tax advisor at 941-365-4617.