Subject: 2011 PAYROLL FACTS/FIGURES CHECKLIST

UPDATED 2011 AMOUNTS WHICH AFFECT PAYROLL ARE AS FOLLOWS:

VEHICLE REIMBURSEMENTS

The IRS will allow business mileage tax deductions at the rate of 51 cents per mile, effective for miles driven in 2011. An employer may choose to reimburse employees at the IRS rate for business miles driven on their personal vehicle, without the reimbursement being reported as taxable wages to the employee. Reimbursements for 2011 above 51 cents per mile must be treated as taxable wages.

NOTE -- An employer is not required to use the IRS mileage rate for employee reimbursements, and therefore can reimburse more (taxable on excess) or less than the IRS rate.

HEALTH SAVINGS ACCOUNTS

The 2011 annual funding limits to health savings accounts (HSA's) are $3,050 for self-only or $6,150 for family HSA's. Employees age 55 – 65 can fund additional "catch-up" amounts of $1,000 to HSA's (to $4,050 for self-only and $7,150 for family HSA accounts).

These 2011 annual funding limits are the combined contribution amounts between employee and employer funding.

NOTE -- It is always smart to include employee HSA contributions as an "includable benefit" in a written Section 125 cafeteria plan document, in order to save FICA/Medicare taxes.

EMPLOYER-PAID PARKING

An employer may reimburse or directly pay employees for up to $230 per month of parking as a non-taxable fringe benefit. The parking must be job-related and on or near the employer's business location.

NOTE -- "Downtown" employers may want to consider providing non-taxable parking benefits in lieu of taxable employee wages.

FUNDING 2011 RETIREMENT PLANS

Funding limits for employee payroll deductions to various types of "qualified" retirement plans during 2011 are as follows:

Type of Plan	Regular Amount		Additional "Catch-up"*
401K, 403b annuity and 457 govt.	$16,500	+	$ 5,500
SIMPLE-IRA	$11,500	+	$ 2,500

*An employee must be at least age 50 by 12/31/11 to contribute the "catch-up" contributions.

NOTE – The maximum compensation which can be "counted" for defined contribution retirement plans is $245,000 for 2011 (which produces a funding "cap" of $49,000 in 2011).

SOCIAL SECURITY WAGE BASE

Wages are taxed up to $106,800 for FICA in year 2011 (unchanged from 2010). Both FICA and Medicare tax rates in 2011 are TENTATIVELY unchanged from 2010 rates of 6.2% and 1.45%. Currently proposed as part of new tax legislation effective January of 2011 is a decrease in the employee's share of FICA tax from 6.2 to 4.2%. The employer share of FICA would remain at 6.2%. Stay tuned on this one!

Call one of AccuPay's CPP/CPA teams at 888-2047 with questions about your payroll or suggestions about how we can serve you better in 2011!

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