



## KEY PROVISIONS: MIDDLE CLASS TAX CUT ACT OF 2011

- **Provides Tax Cut to 160 Million Workers.** The bill cuts in half (from 6.2% to 3.1%) the Social Security payroll tax paid by employees and the self-employed on their wages and salaries for 2012. Approximately 160 million workers will benefit from this tax cut, with the average family seeing nearly \$1,500 in additional take-home pay.
- **Cuts the Payroll Tax in Half for 98% of U.S. Businesses.** The Senate bill cuts in half (from 6.2% to 3.1%) the Social Security payroll tax paid by employers on the first \$5 million of taxable payroll for 2012. This will benefit all businesses, but 98% of businesses will see their portion of the Social Security payroll tax cut in half
- **Gives an Added Incentive for Businesses to Hire New Workers.** The bill completely eliminates (from 6.2% to 0%) the Social Security payroll tax paid by employers on the first \$12.5 million of an employer's increased taxable payroll for the 4<sup>th</sup> quarter of 2011 and \$50 million in increased payroll for 2012.
- **Asks Millionaires to Pay Their Fair Share Without Adding a Dime to the Deficit.** In order to create or save hundreds of thousands of jobs and prevent a tax hike that would impact 160 million American workers, the Senate bill imposes a 3.25% surtax on modified adjusted gross income in excess of \$1 million for both single filers and married couples filing jointly. The surtax is effective for taxable years beginning after December 31, 2012.
- **Protects Social Security.** The legislation would not affect the Social Security Trust Fund by one penny, because it requires that the Social Security Trust Fund be made whole through transfers from the General Fund.