

Tax Changes for 2013

The House and Senate just passed H.R. 8, the American Taxpayer Relief Act of 2012 (ATRA). This bill includes several changes to tax laws which will affect payroll and employment tax administration in 2013.

MONEY

For a driver who runs around 110K miles annually, and makes a net income of \$50K, Self-Employment Tax will increase about \$1,000.

So what does this mean for the average Owner-Operator?

MILES

To make up the difference, the average driver will need to drive an additional 2,500 miles...or 4-5 additional days on the road.



Have additional questions about how these tax changes will affect your bottom line? Call your ATBS business consultant today to learn more.

THE AMERICAN TAXPAYER RELIEF ACT: What Does it Mean for Your Business?

After two months of political debate, our elected officials in both houses of Congress finally compromised and passed the American Taxpayer Relief Act (ATRA) last week. There are many aspects of this legislation, but there are two important parts of ATRA that everyone should be aware of.

The first is related to what is usually regarded as "Income Tax" and directly affects only about 1% of US households because it increases income tax rates from 35% to 39.6% on individuals that earn over \$400,000 or families that earn over \$450,000. For the rest of us, the tax rates that we've been paying over the last ten years will become permanent (they were set to expire in December of 2012).

The second important aspect of this legislation affects all households that pay either Social Security or Self-Employment Tax because it eliminated the 2% Social Security "tax holiday" that started in 2011 to help stimulate the economy. If you are either a W2 employee paying FICA or a 1099 Contractor that pays Self-Employment Tax, your Social Security taxes just increased to pre-2011 levels on January 1st. That means that you will be paying 2% more of your income into either FICA or Self Employment Tax (up to \$113,700 of income).

For an Owner-Operator that drives about 110,000 miles each year and makes \$50,000 net income, it's important to know your Self-Employment Tax just went up \$1,000 for 2013. That probably means that it will take another 4-5 days of driving in 2013 to make up for the increased Self-Employment Tax. Company drivers will feel a 2% reduction in pay as well.

ATBS is prepared to discuss the tax code changes and help you identify ways to offset the tax rate increase so please give us a call to discuss, **1-888-640-4829**.

