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M E M O R A N D U M

TO: Human Resources and Payroll Directors

FROM: Tonia L. Morris, CPA  
Assistant Comptroller General

SUBJECT: 2013 Payroll Tax Changes - Update

DATE: January 8, 2013

On January 2, 2013, President Obama signed the *American Taxpayer Relief Act of 2012* (H.R. 8). The bill raises tax rates on income above \$400,000 for individuals and \$450,000 for couples.

In addition, the temporary Social Security payroll tax reduction (4.2%) that was in effect for tax years 2011 and 2012 has expired. For paychecks dated in 2013, the employee Social Security rate returns to 6.2%. This change was already implemented with the January 1, 2013 payroll.

After the January 1<sup>st</sup> payroll, the Internal Revenue Service released updated income-tax withholding tables for wages paid in 2013. These tables will be implemented on the January 16, 2013 payroll retroactively to January 1<sup>st</sup>. The payroll system will recalculate federal income-tax withholdings for January 1, 2013 and apply the difference to the January 16, 2013 payroll. Employees should see their normal federal income-tax withholdings on their February 1, 2013 payroll.

Please notify employees that as a result of the new withholding tables, employees' net check amounts will change with the January 16, 2013 and February 1, 2013 payroll check or direct deposit.

If you have any questions regarding this matter, please contact me at [tmorris@cg.sc.gov](mailto:tmorris@cg.sc.gov) or at 803-734-2347.