



**Overview of Federal Tax Legislation
Tax Provisions
For Calendar Year 2011**

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Temporary Payroll Tax Cut Continuation Act of 2011	Summary
Code Section	
Code Sec. 3101	
Code Sec. 1401	
	<p>The temporary reduction in an employee's share of OASDI taxes from 6.2 percent of wage income to 4.2 percent is extended to wages received through February 29, 2012. Further, the temporary reduction in the rate of OASDI tax on self-employment income from 12.4 percent to 10.4 percent is extended to tax years beginning in 2012. However, through February 29, 2012 a 2 percent recapture tax applies to wages received in excess of \$18,350 up to the OASDI wage base.</p> <p>> Effective for tax years beginning after 12/31/2011</p>
3% Withholding Repeal and Job Creation and VOW to Hire Heroes Acts	Summary
Code Section	
Code Sec. 36B	
	<p>A taxpayer's modified adjusted gross income in determining eligibility for the health insurance premium assistance credit includes the amount of the taxpayer's Social Security benefits that are excluded from gross income. In addition, for tax years ending after 2013, if advance premium assistance payments exceed the allowable health insurance premium assistance credit, the maximum repayment is between \$600 and \$2,500 for joint filers (or half those amounts for single taxpayers) with household incomes of less than 400 percent of the poverty line for the tax year. For taxpayers with income at 400 percent of the poverty line or above, any excess of advance payments over the allowable premium credit is an addition to their tax.</p> <p>> Effective for tax years ending after 12/31/2013</p> <p>[See also: <i>Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011</i>]</p>
Code Sec. 6331	
	<p>The IRS's authority to levy 100 percent of any payment for goods and services due to a federal vendor with unpaid federal tax liabilities is expanded to include payments for property.</p> <p>> Effective on date of enactment, 11/21/2011</p>
Code Sec. 3402(t)	
	<p>The three-percent withholding requirement that was to apply to payments made to government contractors after December 31, 2011 has been repealed.</p> <p>> Effective for payments made after 12/31/2011</p>

3% Withholding Repeal and Job Creation and VOW to Hire Heroes Acts (continued)

Code Section

Summary

The work opportunity credit for hiring qualified veterans has been extended through December 31, 2012. The credit has been modified to allow a credit for hiring unemployed veterans, double the credit for hiring qualified veterans with service-connected disabilities who have been unemployed, and continue the credit for all veterans with a service-connected disability. In addition, a tax-exempt organization will also be allowed a tax credit against its FICA tax obligations for hiring a qualified veteran.

> Effective on date of enactment, 11/21/2011

Trade Adjustment Assistance Extension Act of 2011

Code Section

Summary

The Health Coverage Tax Credit (HCTC) has been made available retroactively to eligible TAA recipients* for coverage months beginning after February 12, 2011 but the credit will terminate for months beginning after 2013. The credit percentage amount has been changed to 72.5 percent for coverage months beginning after February 12, 2011. Other provisions related to the HCTC have also been extended and modified.

* TAA is a benefit for individuals who have lost their jobs because of trade with foreign countries.

> Effective after 2013

United States Trade Promotion Agreement Implementation Acts

Code Section

Summary

The estimated tax payment required to be made by certain large corporations in July, August, or September of 2012 has been increased to 100.50 percent of the amount otherwise due. The estimated tax payment required to be made by certain large corporations in July, August, or September of 2016 has also been increased to 103.50 percent of the amount otherwise due.

> Effective July 2012

Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011

Code Section

Summary

Beginning in 2014 taxpayers between 100% and 400% of the federal poverty level who purchase qualified health care coverage through an exchange are entitled to a credit. The Treasury is to make advance payments to assist with the premiums, and if the advance exceeds the allowable credit, the taxpayer must repay the excess. The maximum amount of repayment was capped at \$400, and has now been increased to between \$600 and \$2,500 for joint filers (or half those amounts for single taxpayers) with household incomes of less than 400 percent of the poverty line for the tax year. For taxpayers with income at 400 percent of the poverty line or above, any excess of advance payments over the allowable premium credit must be repaid in full.

> The provisions apply to tax years ending after December 31, 2013

Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 (continued)

Code Sec. 6041

The information reporting requirement for payments of \$600 or more made to a corporation in the course of a trade or business has been repealed for tax years beginning after 2011. In addition, the information reporting requirements for all amounts paid in consideration for property, and other gross proceeds for both property and services is repealed.

> The provision applies to payments made after December 31, 2010

Code Sec. 6041

The general information reporting requirement for payments of \$600 or more is repealed for a person reporting rental income from real estate, unless the person is otherwise engaged in the trade or business of renting property.

> The provision applies to payments made after December 31, 2010

Department of Defense and Full-Year Continuing Appropriations Act of 2011

Code Section

Summary

Code Sec. 36B(c)(2), 162(a) and 6056

The Act eliminated the free voucher program which would have required employers to provide free choice vouchers to qualified employees who do not participate in employer-offered health plans.

> Effective to the date of original enactment of the voucher program

Leahy-Smith America Invents Act

Code Section

Summary

NONE

The government will no longer patent tax strategies.

> The prohibition takes effect on September 16, 2011

Surface and Air Transportation Programs Extension Act of 2011

Code Section

Summary

Code Sec. 4081(d)(2)(B),
Code Sec. 4261(j)(1)(A)(ii),
Code Sec. 4271(d)(1)(A)(ii),
Code Sec. 9502(d)(1) and (e)(2)

Excise taxes on aviation fuel, airline passenger tickets, and air cargo have been extended through January 30, 2012.

> Effective September 17, 2011

Code Sec. 9503

The excise taxes that fund the Highway Trust Fund have generally been extended through March 31, 2012.

> Effective October 1, 2011

National Defense Authorization Act for Fiscal Year 2012

Code Section

Summary

NONE

A cash grant received in lieu of the renewable electricity production credit or the energy investment credit is not subject to the normalization requirement that applies to a regulated company on public utility property. Thus, the cash grant does not have to be spread ratably over the regulatory life of the qualified renewable energy property for ratemaking purposes.

> Effective on February 17, 2009

