

## Effects Of The American Taxpayer's Relief Act On Employers

The American Taxpayer's Relief Act ( H.R. 8) was passed by Congress on January 1, 2013 and signed into law by President Obama on January 2, 2013, preventing the United States from going over the impending "fiscal cliff." In addition to the heavily publicized impact this Act has on taxpayers, the Act contains a number of provisions significant to employers and human resources professionals, including:

- The extension of federal emergency unemployment benefits for one year.
- The permanent extension of employer-provided education assistance (Section 127 of the Internal Revenue Code), which allows an employee to exclude from income up to \$5,250 per year in educational assistance at the undergraduate and graduate level regardless of whether the education is job-related.
- The permanent extension of the increase in the monthly exclusion for employer-provided transit and vanpool benefits.
- The reinstatement and extension of the Work Opportunity Tax Credit through 2013.

It must be noted, as many employees may have already realized after seeing their paychecks, that the legislation **does not** include an extension of the 2 percent payroll tax cut of the Social Security (FICA) employee tax. As a result, employees will likely see smaller paychecks in 2013 than in 2012.

The American Taxpayer's Relief Act affects employees and employers nationwide, so reading a summary of the Act is recommended to familiarize yourself with its provisions. It would also be prudent to check with your state's Department of Labor website for any relevant details regarding how the Act affects your state's procedures with regards to employee benefits and unemployment compensation.

If you have questions about the subject matter presented in this alert please contact Joseph Goldberg, Chair of the Employment Practices Liability Group, at 215.825.7225 or [jgoldberg@wglaw.com](mailto:jgoldberg@wglaw.com); Tracy A. Walsh, Vice Chair of the Employment Practices Liability Group, at 215.825.7224 or [twalsh@wglaw.com](mailto:twalsh@wglaw.com); or Wendi D. Barish, Partner in the Employment Practices Liability Group and Editor of the Employment Practices Update, at 215.972.7914 or [wbarish@wglaw.com](mailto:wbarish@wglaw.com). Please visit our website for more information about our [Weber Gallagher's Employment Practices Liability Group](#).

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