



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

March 22, 2012

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UIL: 3101.00-00

Dear \_\_\_\_\_ :

I am responding to your inquiry dated February 21, 2012, on the Making Work Pay ("MWP") credit and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the "Tax Relief Act").

In 2009 and 2010, the MWP provision of the American Recovery and Reinvestment Act of 2009 provided a refundable tax credit of up to \$400 for working individuals and up to \$800 for married taxpayers filing joint returns. The MWP expired for tax years beginning after December 31, 2010.

The Tax Relief Act, enacted on December 17, 2010, included several changes affecting workers' take-home pay for 2011. The Tax Relief Act extended for two years the income tax rates that were scheduled to expire at the end of 2010, which prevented a large increase in federal income tax withholding. The Tax Relief Act also provided a two percent reduction in the Social Security tax rate for all employees for tax year 2011.

The Temporary Payroll Tax Cut Continuation Act of 2011 temporarily extended the two percent Social Security tax cut for employees through February 29, 2012. Under the Middle Class Tax Relief and Job Creation Act of 2012, the two percent Social Security tax cut for employees was extended through December 31, 2012.

In your letter, you stated that you are unable to benefit from the Social Security tax cut because you are an employee of Los Angeles County and are not covered by Social Security. I appreciate and share your interest in this subject. Tax legislation enacted by Congress, often in consultation with the Department of the Treasury, impacts individuals differently depending on the facts and circumstances of their employment. With this in mind, we will remain committed to working with Congress and Treasury to provide fair and equitable application of the tax laws.

Thank you for your letter. I hope the information we have provided is helpful. If you have additional questions, or need further information, please call me, or \_\_\_\_\_, at ( )

Sincerely,

Division Counsel/Associate Chief Counsel  
(Tax Exempt & Government Entities)