
DUBIOUS TAX INCENTIVE IMPACT



Social Security payroll taxes, the part employer's are responsible for, may soon be removed. This proposal is being considered as part of new legislation seeking to generate jobs. Despite the proposal reducing the cost to employer's by 6.2% to hire new employees, the effect is anticipated to be minimal. The reason lies in a combination of factors: businesses with 1 to 4 employees compose just under 56% of U.S. employers, and the cost of adding an additional employee for companies this size is disproportionately larger as compared to larger employers. An employee hired at the federal minimum wage would need to generate a minimum amount of \$18,907 if the proposal went into effect, being reduced only \$936 by the initiative.

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