



Tax Reduction Letter

[CLICK HERE](#) to return to the home page

Notice 2010-86

December 13, 2010

Under authority contained in the Social Security Act (Act), the Commissioner, Social Security Administration, has determined and announced (75 F.R. 65696, dated October 26, 2010) that the contribution and benefit base for remuneration paid in 2011, and self-employment income earned in taxable years beginning in 2011 is \$106,800.

"Old-Law" Contribution and Benefit Base

General

The "old-law" contribution and benefit base for 2011 is \$79,200. This is the base that would have been effective under the Act without the enactment of the 1977 amendments.

Domestic Employee Coverage Threshold

General

The minimum amount a domestic worker must earn so that such earnings are covered under Social Security or Medicare is the domestic employee coverage threshold. For 2011, this threshold is \$1,700. Section 3121 (x) of the Internal Revenue Code provides the formula for increasing the threshold.

Computation

Under the formula, the domestic employee coverage threshold amount for 2011 shall be equal to the 1995 amount of \$1,000 multiplied by the ratio of the national average wage index for 2009 to that for 1993. If the resulting amount is not a multiple of \$100, it shall be rounded to the next lower multiple of \$100.

Domestic Employee Coverage Threshold Amount

Multiplying the 1995 domestic employee coverage threshold amount (\$1,000) by the ratio of the national average wage index for 2009 (\$40,934.93) to that for 1993 (\$23,132.67) produces the amount of \$1,769.57. We then round this amount to \$1,700. Accordingly, the domestic employee coverage threshold amount is \$1,700 for 2011.

(Filed by the Office of the Federal Register on October 25, 2010, 8:45 a.m., and published in the issue of the Federal Register for October 26, 2010, 75 F.R. 65696)