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Dec. 31, 2012

Failing Congressional action by Monday, \$536 billion in tax increases and \$100 billion in spending cuts will kick in, sending the nation over the so-called "fiscal cliff."

Taxes would jump \$2,400 on average for families with incomes of \$50,000 to \$75,000, according to a study by the non-partisan Tax Policy Center. Some of the increases, however, wouldn't take effect until taxpayers file their 2013 tax returns in early 2014.

The looming cliff is causing a headache for payroll departments, including the Norwalk Comptroller's Office, which must correctly calculate federal income tax, Social Security and Medicare withholdings in employee paychecks.

Collectively, the city and Board of Education employ about 3,500 people.

"If the tax tables are going to change, we're going to have to quickly add (the new tables) to our system," said Comptroller Frederic J. Gilden on Thursday.

Gilden said the next Board of Education paychecks will go out Jan. 4. City employee paychecks will go out Jan. 11. At this point, the Comptroller's Office will treat the paycheck withholdings as unchanged.

"The withholding is going to stay the same as it did in December," Gilden said. But "The Social Security (withholding) is going to go up 2 percent."

Gilden said his office is awaiting guidance from the Internal Revenue Service on Monday. Beyond that, that matter lies with Congress.

“We might have to retroactively do something. We’re just unsure of what we have to

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I am not sure it will be resolved by Jan. 1, but I do believe it will be resolved in January,” Himes said. “I am optimistic that at some point in the next two weeks a deal will be done.”

Himes said he believed that President Barack Obama and U.S. House Speaker John A. Boehner “both understand the necessity to do something.”

Tax rates for higher-income Americans have been a partisan sticking point for lawmakers.

Obama campaigned on raising taxes for households with incomes greater than \$250,000, but later agreed to raise that threshold to \$400,000.

Boehner, R-Ohio, put forward earlier this month a plan that would have boosted taxes for households earning more than \$1 million a year. Unable to secure support from fellow Republicans, he yanked the plan.

Norwalk Hospital, which employs more than 2,000 people, declined to comment on how its employees will be affected by the fiscal cliff.

“We are not going to comment on this as this is an issue that does not pertain specifically to Norwalk Hospital,” said Maura Romaine, hospital spokeswoman.

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— The Associated Press contributed to this report. Copyright 2012 – The Hour, Norwalk, Conn.

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