

Outsourcing Alert: 2015 Social Security and Medicare wages base limits

Social Security Tax 2015

The Internal Revenue Service has published the new wages base limits effective January 1, 2015.

The employee and employers tax rate for social security is 6.2%, unchanged from 2014. The social security wage base limit increases to \$118,500.

For employee and employers Medicare tax rate is 1.45%, also unchanged from 2014. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers to whom you pay \$1,900 or more in cash or an equivalent form of compensation. Social security and Medicare taxes apply to election workers who are paid \$1,600 or more in cash or an equivalent form of compensation.

Additional Medicare Tax Withholding

In addition to withholding Medicare Tax at 1.45%, employers must withhold a 0.9% Additional Medicare Tax from wages paid to an employee in excess of \$200,000 in a calendar year. You are required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year.

Additional Medicare Tax is only imposed on the employee.

Link-IRS

<http://www.irs.gov/pub/irs-pdf/n1036.pdf>



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