

# What's new under Social Security and Medicare

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The Employer's tax guide has issued the following changes for the taxable year 2018.



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## Social Security Tax 2018

The social security tax rate is 6.2% each for employee and employer, unchanged from 2017. The new social security wage limit is \$128,400.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2017. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,100 or more in cash or an equivalent form of compensation. Social security and Medicare taxes apply to election workers who are paid \$1,800 or more in cash or an equivalent form of compensation in 2018.

## Disaster tax relief

Disaster tax relief was enacted for those impacted by Hurricane Harvey, Irma, or Maria. Additionally, the IRS has provided special relief designed to support employer leave-based donation programs to aid the victims of these hurricanes and to aid the victims of the California wildfires that began October 8, 2017. For more information about disaster relief, including the treatment of amounts paid to qualified tax-exempt organizations under employer leave-based donation programs, see Pub. 976.

## Reminders

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.

Severance payments are subject to social security, Medicare and FUTA tax.

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[Disaster Assistance and Emergency Relief for Individuals and Businesses](#)

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