

# Federal tax guide for the employers of Puerto Rico (Publication 179)

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The federal tax guide for Puerto Rico employers (Publication 179) has issued the following changes for the taxable year 2018.



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## What's new?

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.

Please note that on November 27, 2017, the Social Security announced an update to the Social Security wage limit informing that the new amount is \$128,400 and not \$128,700, as previously informed.

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(SP).

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## Reminders

### Employers of the federal government in Puerto Rico.

An agreement has been established between the US Department of Treasury and

Puerto Rico pursuant to section 5517 of the Title 5 of the United States Code (known by its abbreviation in English, 5 U.S.C.5517) in November 1988. According to this agreement, all employers of the federal government (including the Department of Defense of United States) have the requirement to withhold income taxes on state revenues from Puerto Rico (instead of federal contributions about income) and deposit such taxes with the Puerto Rico Department of Treasury for employees who are subject to Puerto Rican contributions and whose regular federal place of employment is in Puerto Rico.

For additional reference, please see special rules for various kinds of services and payments section.

Link-IRS: [Guía Contributiva Federal para Patronos Puertorriqueños](#)

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