



Outsourcing



People



Businesses

What's new? Social Security and Medicare

January 23, 2019

Every year the Department of the Treasury – Internal Revenue Service publishes Publication 15, an Employer's Tax Guide, which helps employers stay informed about the latest developments or legislation enacted. The following are the applicable changes for the taxable year 2019.



Julio Villegas

Audit Partner and
Head of Outsourcing

T (1) 787 754 1915

E julio.villegas@pr.gt.com

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Social Security Tax 2019

The social security tax rate for 2019 is 6.2% each for employer and employee, which remained unchanged from 2018. The new social security wage limit is \$132,900.

The Medicare tax rate is 1.45% each for the employer and employee, which also remained unchanged from 2018. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers who earn \$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 2019.

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 wages subject to social security, Medicare and FUTA tax.

You must receive a written notice from the IRS to file the Form 944. If you have been filing Forms 941, 941-SS or 941-PR; and believe your employment taxes for the calendar year will be \$1,000 or less, and you would like to file Form 944 instead of Forms 941, you must contact the

IRS during the first calendar quarter of the tax year to request to file Form 944. For additional information, see the instructions for Form 944.

Federal tax deposits must be made by electronic funds transfer (EFT).

For more information, access the following IRS link,
[\[Circular E\], Employer's Tax Guide](#)

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