
ADDITIONAL MEDICARE TAX

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The Additional Medicare Tax applies to wages and self-employment income over certain thresholds. Employers are responsible for withholding the tax on wages in certain circumstances.

Additional Medicare Tax went into effect in 2013, the rate of Additional Medicare Tax is 0.9 percent. All wages that are currently subject to Medicare Tax are subject to Additional Medicare Tax if they are paid in excess of the applicable threshold for an individual's filing status.

An individual is liable for Additional Medicare Tax if the individual's wages, compensation, or self-employment income (together with that of his or her spouse if filing a joint return) exceed the threshold amount for the individual's filing status:

Filing Status	Threshold Amount
Married filing jointly	\$250,000
Married filing separate	\$125,000
Single	\$200,000
Head of household (with qualifying person)	\$200,000
Qualifying widow(er) with dependent child	\$200,000

An employer must withhold Additional Medicare Tax from wages it pays to an individual in excess of \$200,000 in a calendar year, without regard to the individual's filing status or wages paid by another employer. An individual may owe more than the amount withheld by the employer, depending on the individual's filing status, wages, compensation, and self-employment income.

If you anticipate that you will owe Additional Medicare Tax but will not satisfy the liability through Additional Medicare Tax withholding (for example, because you will not be paid wages in excess of \$200,000 in a calendar year by an employer), you should make estimated tax payments and/or request additional income tax withholding using Form W-4.

Individuals will calculate Additional Medicare Tax liability on their individual income tax returns. Individuals will also report Additional Medicare Tax withheld by their employers on their individual income tax returns. Any Additional Medicare Tax withheld by an employer will be applied against all taxes shown on an individual's income tax return, including any Additional Medicare Tax liability.

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Please call us with any questions on how this information may impact your situation.*
