

# 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. Withholding must begin in the pay period in which wages reach \$200,000 and must continue for the remainder of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share.

## Frequently asked questions:

### 1. When does Additional Medicare Tax start?

The Additional Medicare Tax applies to wages, compensation and self-employment income above a threshold amount received after December 31, 2012.

### 2. What is the rate of Additional Medicare Tax?

0.9%

### 3. When are individuals liable for Additional Medicare Tax?

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 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 separately	\$125,000
Single	\$200,000
Head of household (with qualifying person)	\$200,000
Qualifying widow(er) with dependent child	\$200,000

### 4. What wages are subject to Additional Medicare Tax?

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 individual's filing status.

### 5. Will Additional Medicare Tax be withheld from an individual's wages?

An employer must withhold Additional Medicare Tax from wages in excess of \$200,000 in a calendar year, regardless of 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.

### 6. Can an employee request additional withholding specifically for Additional Medicare Tax?

No. However, the employee can request additional income tax withholding on their W-4. The additional withholding can be applied to the Additional Medicare Tax liability when filing their tax return.

**7. Where will the Additional Medicare Tax annual liability be calculated?**

On the individual's income tax return. Any Additional Medicare Tax withheld by an employer will be applied against all taxes shown on the tax return (excess withholdings will first be applied to any other tax liabilities, then refunded).

**8. If an employer withholds Additional Medicare Tax from an employee's wages in excess of \$200,000, but the tax won't be owed because the individual files married filing jointly and will NOT reach the \$250,000 threshold, can the employee request that the Additional Medicare Tax not be withheld?**

No. The employer must withhold the Additional Medicare Tax on wages paid to any individual in excess of \$200,000 regardless of filing status. The employee can claim credit for any withheld Additional Medicare Tax against the total tax liability shown on the individual's income tax return.

**9. What if an employee has two jobs and neither employer withholds Additional Medicare Tax, but the sum of the wages will exceed the applicable threshold?**

The employee should make estimated tax payments or request additional income tax withholding using Form W-4.

**10. Is an employer liable for Additional Medicare Tax even if the employer does not withhold the Additional Medicare Tax from an employee's wages?**

An employer that does not deduct and withhold Additional Medicare Tax as required is liable for the tax unless the tax the employer failed to withhold is paid by the employee. Even if not liable for the tax, an employer that does not meet the withholding, deposit, reporting, and payment responsibilities for Additional Medicare Tax may be subject to penalties.

**11. Is an employer required to notify an employee when they begin withholding Additional Medicare Tax?**

No. There is no requirement that an employer notify their employee.

*Please contact our office if you have any other specific questions.*