

Additional Medicare Tax for High Earners

Employers are required to withhold an [Additional Medicare Tax](#) at a rate of 0.9% on wages or compensation paid to an employee above the following threshold amounts for the employee'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

Employer FAQs

Below are common questions and answers for employers regarding the tax:

What wages are subject to the Additional Medicare Tax?

All wages that are currently subject to Medicare Tax are subject to the Additional Medicare Tax if they are paid in excess of the applicable threshold for an individual's filing status.

Is there an "employer match" for the Additional Medicare Tax (as there is with the regular Medicare tax)?

No.

If an employee's annual Medicare wages are expected to be over \$200,000, will an employer withhold the Additional Medicare Tax from the beginning of the year or only after Medicare wages are actually paid in excess of \$200,000 year-to-date?

An employer is required to begin withholding the Additional Medicare Tax in the pay period in which it pays wages in excess of \$200,000 to an employee.

What should an employer do if an employee receives wages that are not paid in cash, such as taxable fringe benefits, from which the Additional Medicare Tax cannot be withheld?

If an employee receives wages from an employer in excess of \$200,000 and the wages include taxable noncash fringe benefits, the employer calculates wages for purposes of withholding the Additional Medicare Tax in the same way that it calculates wages for withholding the existing Medicare tax. The employer is required to withhold the Additional Medicare Tax on total wages, including taxable noncash fringe benefits, in excess of \$200,000. The value of taxable noncash fringe benefits must be included in wages and the employer must withhold the applicable Additional Medicare Tax and deposit the tax under the rules for employment tax withholding and deposits that apply to taxable noncash fringe benefits. Additional information on how to withhold tax on taxable noncash fringe benefits is available in IRS [Publications 15](#) and [15-B](#).

If an employee receives tips and other wages in excess of \$200,000 in the calendar year, how is the Additional Medicare Tax paid on the tips?

To the extent that tips and other wages exceed \$200,000, an employer applies the same withholding rules for the Additional Medicare Tax as it does currently for Medicare tax. An employer withholds the Additional Medicare Tax on the employee's reported tips from wages it pays to the employee.

If the employee does not receive enough wages for the employer to withhold all the taxes that the employee owes, including the Additional Medicare Tax, the employee may give the employer money to pay the rest of the taxes. If the employee does not give the employer money to pay the taxes, then the employer makes a current period adjustment on Form 941 (or the employer's applicable employment tax return), to reflect any uncollected employee Social Security, Medicare, or the Additional Medicare Tax on reported tips. Uncollected taxes are not reported in boxes 4 and 6 of Form W-2. Unlike the uncollected portion of the regular Medicare tax, the uncollected Additional Medicare Tax is not reported in box 12 of Form W-2 with code B.

The employee may need to make estimated tax payments to cover any shortage. More information about this process of giving an employer money for taxes is available in IRS [Publication 531](#).