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FICA and Medicare Tax (Social Security Tax) Q & A

**What is FICA tax?** (Federal Insurance Contribution Act) FICA Provides benefits for retired workers and their dependents as well as for disabled workers and their dependents.

**What is Medicare tax?** Government service that helps provide healthcare for senior citizens and disabled U.S. citizens.

**Who has to pay FICA/Medicare tax?** All employees except for the following:

1. Any working student registered and attending classes worth 6 (six) or more credit hours
2. Qualifying Nonresident Alien employees under tax treaty.

# How are FICA and Medicare tax calculated?

FICA is 6.2% of Taxable Gross for employees and 6.2% for employers. Medicare is 1.45% of Taxable Gross up to $200,000 and 2.35% on wages over $200,000

# What is the FICA cap for the current year?

2014- $117,000

There is no cap Medicare

# I am receiving Social Security Benefits do I still have to pay FICA and Medicare Tax on wages I earn? Generally, yes.

**Additional questions,** Please refer to Publication 15 available at [www.irs.gov](http://www.irs.gov/)