

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

Medicare 1.45% of Taxable Gross

What is the FICA cap for the current year?

2008 - \$102,600

2005 - \$106,000

Additional questions, Please refer to Publication 15 available at www.irs.gov