

Health Care Reform Update

Understanding the Additional Medicare Tax

IMPORTANT LINKS

- [Affordable Care Act](#) (HHS)
- [COBRA](#) (DOL)
- [Department of Labor](#)
- [Federal Marketplace](#) (HHS)
- [Medicare & Medicaid](#) (CMS)
- [Tax Credits & Deductions](#) (IRS)

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- [Amerihealth New Jersey](#)
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Brought to you by:

Brown & Brown Consulting
The Curtis Center
601 Walnut Street, Suite 275W
Philadelphia, PA 19106
Phone: 888.880.2212
Fax: 215.561.0395
www.consultbb.com/brokers

The Affordable Care Act's **Additional Medicare Tax** applies to an individual's wages that exceed a threshold amount based on his or her filing status (\$250,000 for married taxpayers who file jointly, \$125,000 for married taxpayers who file separately and \$200,000 for all other taxpayers). The following are five important things employers need to know about the Additional Medicare Tax:

1. Employers are required to **withhold** Additional Medicare Tax (at a rate of 0.9%) on wages or compensation paid to an employee **in excess of \$200,000 in a calendar year**.
2. An employer has this withholding obligation **even though an employee may not be liable for Additional Medicare Tax** because, for example, the employee's wages do not exceed the applicable threshold for his or her filing status. Any withheld Additional Medicare Tax will be credited against the total tax liability shown on the individual's income tax return.
3. Employers are **not required to notify** an employee when they begin withholding Additional Medicare Tax.
4. There is **no employer match** for Additional Medicare Tax.
5. An employer that does not deduct and withhold Additional Medicare Tax as required is **liable for the tax** unless the tax that it failed to withhold from the employee's wages is paid by the employee.

[Click here](#) for more information from the IRS.

For information on this subject, please log into your [HR Library account](#) which includes information on the above subject, as well as other State and Federal updates, laws and regulations concerning Employee Benefits, HR, and Reform.

Be sure to check out our [Legislation/Compliance](#) section on our website to stay on top of the latest news in Health Care Reform. If you have any questions, please feel free to reach out to your dedicated Brown & Brown broker consultant.



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