

## The Additional Medicare Tax

Depending upon your income level you maybe subject to Additional Medicare Tax if your income exceeds certain limits.

### \* Income Subject to Tax

The Additional Medicare Tax applies to the amount of earned income such as wages and income from self-employment that is more than a threshold amount. You may not consider a loss from self-employment purposes of this tax..

### \* Threshold Amount

The threshold amount is based upon your filing status. If you are married and file a joint return, you must combine your spouse's wages, compensation, or self-employment income with yours. The combined total determines if your income exceeds your threshold.

The threshold amounts are:

- o Married Filing Jointly is \$250,000;
- o Married Filing Separately is \$125,000;
- o Single taxpayers is \$200,000;
- o Head of Household is \$200,000;
- o Qualifying Widower with a dependent child is \$200,000

### \* Tax Rate

The Additional Medicare Tax rate is 0.9 percent.

### \* Withholding / Estimated Tax

Employers are required to withhold the tax from your wages or compensation when compensation exceeds \$200,000 in any calendar year. If you are self-employed you should include this tax when you figure your estimated tax liability.

### \* Underpayment of Estimated Tax

If your tax withheld, or your estimated tax is not sufficient you may owe an estimated tax penalty.