



IRS Tax Tip 2016-31: What is the Additional Medicare Tax and Who Pays It?

Internal Revenue Service (IRS) sent this bulletin at 03/02/2016 09:25 AM EST



IRS Tax Tips March 2, 2016

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What is the Additional Medicare Tax and Who Pays It?

Some taxpayers may be required to pay an Additional Medicare Tax if their income exceeds certain limits. Here are some things that you should know about this tax:

- **Tax Rate.** The Additional Medicare Tax rate is 0.9 percent.
- **Income Subject to Tax.** The tax applies to the amount of certain income that is more than a threshold amount. The types of income include your Medicare wages, self-employment income and railroad retirement (RTA) compensation. See the instructions for [Form 8959](#), Additional Medicare Tax, for more on these rules.
- **Threshold Amount.** You base your threshold amount on 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. Use the combined total to determine if your income exceeds your threshold. The threshold amounts are:

Filing Status	Threshold Amount
Married filing jointly	\$250,000

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Married filing separately	\$125,000
Single	\$200,000
Head of household	\$200,000
Qualifying widow(er) with dependent child	\$200,000

- **Withholding/Estimated Tax.** Employers must withhold this tax from your wages or compensation when they pay you more than \$200,000 in a calendar year. If you are self-employed you should include this tax when you figure your estimated tax liability.
- **Underpayment of Estimated Tax.** If you had too little tax withheld, or did not pay enough estimated tax, you may owe an estimated tax penalty. For more on this, see [Publication 505](#), Tax Withholding and Estimated Tax.

If you owe this tax, file [Form 8959](#), with your tax return. You also report any Additional Medicare Tax withheld by your employer on Form 8959. Visit [IRS.gov](#) for more on this topic. You can also get forms and publications on [IRS.gov/forms](#) anytime.

Each and every taxpayer set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on [IRS.gov](#).

Additional IRS Resources:

- [Questions and Answers for the Additional Medicare Tax](#)

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