

## AMERICAN PAYROLL ASSOCIATION Compliance Update

### **Social Security Wage Base Remains at \$106,800 in 2010**

The Social Security Administration (SSA) announced on Thursday, October 15, 2009, that the 2010 social security wage base will be \$106,800, unchanged from 2009. As in prior years, there is no limit to the wages subject to the Medicare tax; therefore all covered wages are still subject to the 1.45% tax.

The FICA tax rate, which is the combined social security tax rate of 6.2% and the Medicare tax rate of 1.45%, remains at 7.65% for 2010. The maximum social security tax employees and employers will each pay in 2010 is \$6,621.60. This is unchanged from the 2009 maximum.

The social security wage base for self-employed individuals in 2010 will also be \$106,800. There is no limit on covered self-employment income that will be subject to the Medicare tax. The self-employment tax rate remains 15.3% (combined social security tax rate of 12.4% and Medicare tax rate of 2.9%). In 2010, the maximum social security tax for a self-employed individual will be \$13,243.20. This is unchanged from the 2009 maximum.

### **FICA coverage threshold unchanged for domestic, election workers**

The threshold for coverage under social security and Medicare for domestic employees will be \$1,700 in 2010, unchanged from 2009; the coverage threshold for election workers will be \$1,500 in 2010, also unchanged from 2009.

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