



# Human Resources

## Medicare Wages Over \$200,000

There is a tax rule for employees who will earn over \$200,000 in Medicare Wages for the year. Set up and AUC Cost Code to comply.

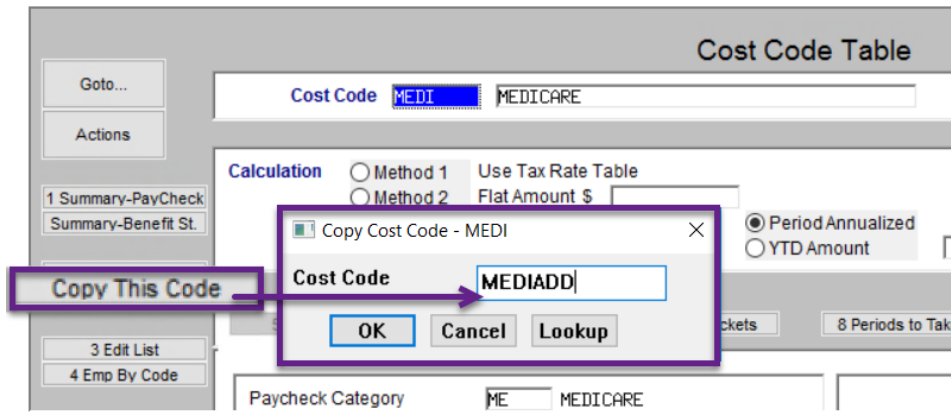
From [IRS Publication 15](#):

**Additional Medicare Tax withholding.** In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

### 1. SETUP

Copy the existing MEDI code to a new cost code – the example uses MEDIADD for the new code.

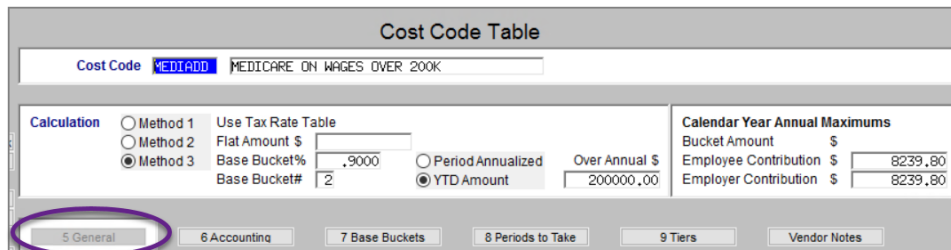
Human Resources ▶ Tables ▶ Cost Code Table ▶ MEDI ▶ Copy This Code



Using the copy this code button will make the settings for this Cost Code on the following tabs match the settings for the regular Medicare deduction. Please note the exceptions.

#### 1.1. General

Use Method 3, use the same base bucket # as MEDI, set the Base Bucket % as .9, and the Annual to \$200,000.





## 1.2. Accounting

The Liability Account should be the same and **no Expense Account** should be filled in.

The screenshot shows the 'Cost Code Table' form with the '6 Accounting' tab selected. The 'Cost Code' is 'MEDIADD' and the description is 'MEDICARE ON WAGES OVER 200K'. Under 'Calculation', 'Method 3' is selected. The 'Base Bucket%' is set to '.9000' and 'Base Bucket#' is '2'. The 'YTD Amount' is '200000,00'. The 'Calendar Year Annual Maximums' table shows: Bucket Amount \$, Employee Contribution \$ 8239,80, and Employer Contribution \$ 8239,80. The 'Liability Account' is '1000-000-0000-000-00-21210' and the 'Expense Account' is empty. The 'Employer % is Only Reportable Benefit?' is set to 'No'.

## 1.3. Base Buckets

No base buckets need to be filled in.

The screenshot shows the 'Cost Code Table' form with the '7 Base Buckets' tab selected. The 'Cost Code' is 'MEDIADD' and the description is 'MEDICARE ON WAGES OVER 200K'. Under 'Calculation', 'Method 3' is selected. The 'Base Bucket%' is set to '.9000' and 'Base Bucket#' is '2'. The 'YTD Amount' is '200000,00'. The 'Calendar Year Annual Maximums' table shows: Bucket Amount \$, Employee Contribution \$ 8239,80, and Employer Contribution \$ 8239,80. The 'Buckets 1 - 20' and 'Buckets 21 - 40' sections are empty.

## 1.4. Periods to Take

Set the Periods to take to be the same as MEDI.

The screenshot shows the 'Cost Code Table' form with the '8 Periods to Take' tab selected. The 'Cost Code' is 'MEDIADD' and the description is 'MEDICARE ON WAGES OVER 200K'. Under 'Calculation', 'Method 3' is selected. The 'Base Bucket%' is set to '.9000' and 'Base Bucket#' is '2'. The 'YTD Amount' is '200000,00'. The 'Calendar Year Annual Maximums' table shows: Bucket Amount \$, Employee Contribution \$ 8239,80, and Employer Contribution \$ 8239,80. The 'Periods to Take' section has 'Fire no time', 'Bi-weekly 3', 'Bi-weekly', and 'Lump Sum' all checked.



## 1.5. Tiers

Set this deduction to be 100% payable by the employee.

Cost Code Table					
Cost Code <b>MEDIADD</b> EMPLOYEE MEDICARE OVER #200,000					
<b>Calculation</b> <input type="radio"/> Method 1 Use Tax Rate Table <input type="radio"/> Method 2 Flat Amount \$ <input type="text"/> <input checked="" type="radio"/> Method 3 Base Bucket% <input type="text" value=".9000"/> Base Bucket # <input type="text" value="2"/> Over Annual \$ <input type="text" value="200000.00"/>			<b>Annual Maximums</b> Bucket Amount \$ <input type="text"/> Employee Contribution \$ <input type="text"/> Employer Contribution \$ <input type="text"/>		
General		Accounting		Base Buckets	
Periods to Take		Tiers		Vendor Notes	
Tier#	Description	Note	Employee	Employer	
1			100.0000 %		

## 2. EMPLOYEE MAINTENANCE SCREEN

Add this cost code to the employee's deduction screen if they have the potential to have Medicare wages over \$200,000.

Employee Maintenance											
Goto...		Employee Number <b>071345</b> MARJORIE MARY JANE Q GONZALES-				Employee Attachments					
Actions		Position <b>T292AC00FF -01</b> ANIMAL CONTROL OFFICER 4 Of 4				Employee Position Attachments					
J Add Code		Current Tier 1									
K Delete Code											
1 Contact		2 Personal		3 Ded/Ben		4 Add Wages		5 Payroll		6 Accounting	
7 Salary		8 Dates/Class		9 Degrees		0 Custom		U Accidents		V ACA	
Cost Code	Effective	Stop Date	Table Amount	Message	Additional Amt	Start Date	Stop Date	Original Amt	Remaining Bal	Note	
FED+	01-Jul-2019	31-Dec-2019									
MEDI	01-Jan-2020									NOTE	
<b>MEDIADD</b>	<b>01-Jan-2020</b>							<b>.9000%</b>			
NC-FNS	01-Jan-2020		9.0000%							NOTE	
NC2%	01-Jan-2020		2.0000%								
DVR50KLI	01-Jan-2020										

If an employee has over \$200,000 in Medicare wages and did not have the extra 9% taken out during the year, then an adjustment can be made at the end of the year.

Instructions can be found here:

**Human Resources** ▶ **Help Reference Library** ▶ **HR-190 Medicare Adjustments**