

**AMERICAN PAYROLL ASSOCIATION**  
**Compliance Update**

**Social Security Wage Base Increases to \$110,100 in 2012**

The Social Security Administration (SSA) announced on Wednesday, October 19, 2011, that the 2012 social security wage base will be \$110,100, up from \$106,800 where it had been set for the past three years (the SSA Fact Sheet is available at [www.americanpayroll.org/members/Forms-Pubs/#guide](http://www.americanpayroll.org/members/Forms-Pubs/#guide)). 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%, will be 7.65% for 2012. The maximum social security tax employees and employers will each pay in 2012 is \$6,826.20. Note that the 2011 FICA tax rate was 4.2% for employees and 6.2% for employers under the Tax Relief Act of 2010, and that the rate is scheduled to be 6.2% for both employees and employers in 2012. However, bills currently being considered in Congress may change this.**

The social security wage base for self-employed individuals in 2012 will also be \$110,100. There is no limit on covered self-employment income that will be subject to the Medicare tax. The self-employment tax rate will be 15.3% (combined social security tax rate of 12.4% and Medicare tax rate of 2.9%). In 2012, the maximum social security tax for a self-employed individual will be \$13,652.40. Again, note that the 2012 FICA tax rate for both employees and employers is scheduled to be 6.2%, but that Congress is considering proposals that would change this.