

The I.R.S. requires all employers to split the withholding for social security and Medicare payroll tax. These items are now to be shown separately on your employees' paychecks. The overall rate has not changed this year. The rate consists of:

Social Security	6.20%
Medicare	<u>1.45%</u>
Total	<u>7.65%</u>

Please begin showing this split on your employees' check stubs or earnings records.

Sample check stub:

	<u>Calculation Method</u>	
Gross Wages	Hours x Rate/Salary	\$100.00
Federal Tax Withheld	Tax Tables	10.00
Social Security Withheld	Gross x .0620	6.20
Medicare Withheld	Gross x .0145	1.45
Ohio Tax Withheld	Tax Tables	3.00
City Tax Withheld	Gross x City Rate	<u>2.25</u>
Net Payroll Check		<u>\$ 77.10</u>

Sample earnings record:

Gross Wages	Social Security W/H	Medicare W/H	Federal W/H	Ohio W/H	City W/H	Net W/H
<u>\$100.00</u>	<u>\$6.20</u>	<u>\$1.45</u>	<u>\$10.00</u>	<u>\$3.00</u>	<u>\$2.25</u>	<u>\$77.10</u>

This change is necessary to correctly report your company's withholding of employee taxes. If we can answer any questions you have regarding the calculations required, please contact our office.