

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.