

Year 2007 Federal Tax Withholding and Social Security/Medicare Tax

As indicated on Payroll Memorandum No. 12 2006-2007, the annual Federal withholding allowance for exemptions has been increased to \$3,400 for the year 2007. In addition, the 2007 Social Security (FICA) and Medicare taxable rates and wage bases will be as follows:

	<u>Tax Rate</u>	<u>Taxable Wages (Maximum)</u>
Social Security	6.20%	\$97,500
Medicare	1.45%	No Ceiling

The maximum Social Security tax will be \$6,045.00 for 2007. As there is no longer a ceiling for Medicare tax, all wages are subject to the 1.45 % tax rate.