**8533. What are the social security tax and Medicare rates for self-employed taxpayers?**

 Similar to the FICA tax imposed on wage income, the social security and Medicare taxes are imposed on self-employment income pursuant to the Self-Employment Contributions Act of 1954 (collectively the two taxes are more formally referred to as the “SECA tax”).[[1]](#endnote-1)

 Unlike a wage earner whose liability is limited to ½ of the FICA tax, a self-employed individual is obligated to pay the entire amount of the 15.3% SECA tax, or 12.4% social security tax and 2.9% Medicare tax. Similar to FICA, the social security tax cap for self-employment income is the same dollar amount as the social security wage cap. Indexed for inflation, for 2014, the social security cap for self-employment income is $117,000.[[2]](#endnote-2)

 On the other hand, there is no cap on the amount of self-employment income subject to the Medicare tax. Moreover, effective for tax years beginning after December 31, 2012, subject to filing status thresholds, there is an Additional Medicare Surtax of 0.9% added to the 2.9% Medicare tax rate.

1. . SECA is codified as Chapter 2 of the Internal Revenue Code. [↑](#endnote-ref-1)
2. IRS Publication 517 (2013). [↑](#endnote-ref-2)