**8573. Are noncash fringe benefits received by an employee subject to the additional Medicare tax?**

Yes. The value of any taxable noncash employee fringe benefits is added to his or her cash wages to determine whether the taxpayer’s overall wage income exceeds the applicable threshold (see Q 8571). If so, the excess amount will be subject to the additional Medicare tax.[[1]](#footnote-1) Moreover, similar to the payment of only cash wages, if the combined amount of cash wages and taxable noncash fringe benefits exceeds the mandatory wage withholding amount of $200,000 (see Q 8572), the employer must withhold the additional Medicare tax on the excess amount of combined wage income.[[2]](#footnote-2)

See Q 8732 to Q 8758 for a discussion of the tax treatment of various noncash fringe benefits.

1. . IRS FAQ, *Questions and Answers for the Additional Medicare Tax*, available at http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Questions-and-Answers-for-the-Additional-Medicare-Tax (last accessed April 23, 2014). [↑](#footnote-ref-1)
2. . IRS FAQ, *Questions and Answers for the Additional Medicare Tax*, available at http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Questions-and-Answers-for-the-Additional-Medicare-Tax (last accessed April 23, 2014). [↑](#footnote-ref-2)