

2020 Social Security Self-Employment Tax Rates

Generally speaking, the **FICA tax**, also known as the **Social Security tax** or as the **Social Security and Medicare tax**, is paid equally by an employer and employee. Since a self-employed individual (sole proprietor or partner) is **both** employer **and** employee, the self-employed must pay the entire tax on their net earnings from self-employment.

Higher-income taxpayers, however, are required to pay more into Medicare. The basic Medicare Part A payroll tax is 2.9% of all wages, with the employee and the employer each paying 1.45%. Effective January 1, 2013, the Medicare Part A payroll tax on wages increased by 0.9% on wages over \$200,000 for single taxpayers and over \$250,000 for married taxpayers filing jointly. The increase applies **only to the employee portion** of the Medicare Part A payroll tax.

Like the FICA tax, the **self-employment tax** is composed of two elements:

1. **OASDI** -- The old age, survivor and disability portion of the tax is paid on net earnings from self-employment up to the maximum covered wage base for the year.
2. **HI** -- The hospital insurance or Medicare portion of the tax is paid on all net earnings from self-employment, without limit.

2020 OASDI (Social Security) Tax Rates

Paid by:	2020 Tax Rate	2020 Covered Wage Base	Maximum Tax
Self-Employed Individuals	12.40%	\$137,700	\$17,074.80

2020 HI (Medicare) Tax Rates

Paid by:	2020 Tax Rate	2020 Covered Wage Base (net earnings from self-employment)	Maximum Tax
Single Self-Employed Individuals	2.90% plus 3.80%	of the first \$200,000 over \$200,000	\$5,800 no maximum
Married Self-Employed Individuals	2.90% plus 3.80%	of the first \$250,000 over \$250,000	\$7,250 no maximum