



**“Success is getting what you want;
happiness is wanting what you get.”**

- Dave Gardner, comedian

Tax Tip – June 24, 2015

Understanding the Medicare Surtaxes

There are two Medicare surtaxes that affect some high-incomers. The first is a 3.8% surtax applied to certain unearned income and assessed on the lesser of net investment income or the excess of MAGI over: Single and HH \$200,000; MFS \$125,000; and MFJ \$250,000. Trusts and estates with AGI above \$12,150 and undistributed net investment income could also be affected.

The second surtax is a 0.9% tax applied to earned income (wages and self employment income) above: Single and HH \$200,000; MFS \$125,000; and MFJ \$250,000. Employers are required to withhold the surtax once the employee's wages exceed \$200,000. Couples take note: if each spouse makes less than \$200,000 but your combined wages will exceed \$250,000, you may face underwithholding of your taxes. Consider revising your W-4 to have more tax withheld.

If you have any questions regarding this information, please feel free to contact our office.

P.S. Please forward this to your friends or colleagues that you'd like to introduce our firm to. Or send us their email address and we'll ask for their permission to forward with your compliments.

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