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Social Security wage base to increase in 2023

Summary

- *The Social Security wage base will increase from \$147,000 to \$160,200 in 2023.*
- *The maximum Social Security tax contribution will increase from \$ 9,114.00 to \$ 9,932.40 in 2023.*

The Social Security wage base will increase from \$147,000 to \$160,200 in 2023, higher than the \$155,100 high-cost and low-cost estimate published in the June 2022 *Annual Report of the Board of Trustees*. (See [EY Tax Alert 2022-0873](#), 6-6-2022; [Social Security Administration Press Release](#).)

The Medicare tax rate for 2022 remains at 1.45% of all covered earnings for employers and employees. The Additional Medicare Tax of 0.9% applies to earned income of more than \$200,000 for single filers (additional thresholds apply to other filing status types). While employers are required to withhold the additional 0.9% on covered wages over \$200,000, there is no corresponding employer tax.

The annual adjustment to the Social Security wage base is based on the increase in average wages. Some states and localities index the annual adjustments to their minimum wage to increases to the Consumer Price Index (CPI). Because of current inflation, some jurisdictions have announced significant increases for 2023; for instance, [SeaTac](#), Washington's minimum wage will increase from \$17.54 to \$19.06 effective January 2023. These higher minimum wage rates could contribute to a substantial increase to the Social Security wage base in 2024.

For a quick reference chart see the following page.

For the complete Social Security Administration fact sheet go [here](#).

Social Security, Medicare and disability insurance contributions

2022 compared to 2023

Description	2023	2022	Increase
Social Security tax rate for employees	6.20%	6.20%	-0-
Social Security tax rate for employers	6.20%	6.20%	-0-
Social Security wage base	\$160,200.00	\$147,000.00	\$ 13,200.00
Maximum Social Security tax for employees	\$ 9,932.40	\$ 9,114.00	\$ 818.40
Medicare tax rate for employers	1.45%	1.45%	-0-
Medicare tax rate for employees	1.45%*	1.45%	-0-
Medicare tax rate for employees on wages above \$200,000*	2.35% (1.45% Medicare +0.9% Additional Medicare)	2.35% (1.45% Medicare +0.9% Additional Medicare)	-0-
Medicare wage base	No limit	No limit	N/A

* Employers must withhold the Additional Medicare Tax of 0.9% of wages over \$200,000.
There is no corresponding employer tax.

Contact us for more information

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