

Patrick J. Deo, CPA, Cr.FA
patd@dldcpa.com
Anthony LaManna, CPA
tonyl@dldcpa.com
Michael J. Deo, CPA
miked@dldcpa.com

CLIENT ALERT

HOT OFF THE PRESS

Social Security Wage Base to Increase in 2017

The Social Security Administration (SSA) has announced an increase in the wage base from \$118,500 to \$127,200 for 2017. The 7.34 percent increase is based on the increase in average wages (SSA 2017 Fact Sheet).

It is noted the \$8,700 increase in wage base is the largest year-over-year dollar increase since indexing began and is the largest percentage increase since 1983.

For employees, the Social Security tax rate remains at 6.20 percent on earnings up to the wage base. For 2017, an employee with earnings equal to or exceeding the wage base will pay \$7,886.40 in Social Security taxes, an increase of \$539.40 from last year's maximum.

For self-employed individuals, the OASDI rate for self-employment income up to the wage base remains at 12.40 percent. For 2017, a taxpayer with self-employment income equal to or exceeding the wage base will pay OASDI tax of \$15,722.80, an increase of \$1,078.80 from last year's maximum.

The SSA noted that, of the estimated 173 million workers who will pay Social Security taxes in 2017, about 12 million will pay more because of the increase in the taxable maximum.

The SSA also announced that, based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2014 through the third quarter of 2016, Social Security and Supplemental Income (SSI) beneficiaries will receive a 0.3 percent cost of living adjustment (COLA) for 2017.

October 24, 2016

Disclaimer: *This e-mail represents a general overview of tax developments and should not be relied upon without an independent, professional analysis of how any of these provisions may apply to a specific situation.*