

# How to recoup FICA tax overpayments

**Common occurrence:** A worker overpays FICA tax due to a change in jobs or other circumstances. It could easily happen to you or someone else in your family.

**Strategy:** Obtain timely tax relief. Depending on the situation, you might use one of three techniques for recovering a FICA overpayment.

Remember that FICA is composed of Social Security tax and Medicare tax. For 2015, the Social Security tax is 6.2% on the first \$118,500 of wages. (This wage ceiling remains the same in 2016.) The 1.45% Medicare tax applies to all wages, and an additional 0.9% Medicare tax kicks in if your wages exceed the applicable threshold.

Thus, if you earned \$150,000 in wages in 2015, you must pay \$7,347 (6.2% of \$118,500 plus \$2,175 (1.45% of \$150,000) for a total FICA tax of \$9,522. The rate percentages are doubled for self-employment tax—the equivalent of FICA for self-employed individuals—but half of the tax (excluding the additional 0.9% Medicare tax if applicable) is deductible.

If you're married and file a joint return, excess FICA tax payments must be computed separately for each spouse. Keeping that in mind, there are three possible options for recovering excess FICA tax paid last year.

**1. Claim a credit.** An overpayment may occur when an individual works for more than one employer for the year. If there was a mistake, the onus is on you to request a credit on your 2015 return. The credit is claimed on Line 71 of Form 1040.

**2. Seek an employer refund.** When you're preparing returns for 2015, you may notice that more FICA tax was withheld from your paychecks in 2015 than should have been, even though you're worked for just one employer. Although you can't claim a credit on your Form 1040, you can ask your employer to make an adjustment to eliminate the overpayment.

**3. Offset self-employment tax with wages.** Suppose you run a self-employed business in addition to a regular job. In this case, you can use any FICA overwithholding to reduce the self-employment tax that is due.

**Tip:** Use the worksheet in [Pub. 505, Tax Withholding and Estimated Tax](#), to compute any excess FICA tax.