

The image features a large, light gray watermark of the USAID seal in the background. The seal is circular and contains the text "UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT" around the perimeter. In the center of the seal is a shield with a map of the United States, and the word "USAID" is written in a large, bold, sans-serif font across the middle of the shield.

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**TITLE: CIB 95-11 1995 FICA and Medicare Tax Rates for Personal Services Contracts (PSCs)**

March 31, 1995

MEMORANDUM FOR ALL CONTRACTING OFFICERS AND NEGOTIATORS

TO: Distribution List FAC

FROM: DAA/M, Michael D. Sherwin, Procurement Executive

SUBJECT: 1995 FICA and Medicare Tax Rates for Personal Services Contracts (PSCs)

**CONTRACT INFORMATION BULLETIN 95-11**

As you know, we are required to pay the employer's share of FICA (social security) taxes under PSCs with U.S. citizens or U.S. resident aliens, pursuant to AIDAR Appendix D. Until recently, the wage bases for the two parts of the social security tax (social security) and medicare were the same. Beginning in 1991, the Internal Revenue Service determined that the wage bases for the two parts of the social security tax would be different. Employers can no longer combine and report the withholding as a single amount. Instead withholding requirements for employees require that we include a medicare rate as well as a FICA rate in our contracts.

In order for you to ensure that sufficient funds are available and budgeted for this purpose, here are the FICA and Medicare tax rates and bases for calendar year 1995.

FICA 6.2% of the first \$61,200  
Medicare 1.45% of the total wage

**This CIB supersedes CIB 95-8 and corrects the Medicare rate.**