



**THE NEW YORK CITY DEPARTMENT OF EDUCATION**  
JOEL I. KLEIN, *Chancellor*

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Vincent A. Giordano, *Executive Director*  
Division of Financial Operations

**PAYROLL ADMINISTRATION MEMORANDUM - NO. 8, 2005 – 2006**

**DATE:** January 3, 2006

**TO:** ROC Directors, Heads of Offices (via e-mail)  
Principals (via "Principal's Weekly Newsletter")  
School Secretaries

**FROM:** Vincent A. Giordano *Vincent A. Giordano*  
Executive Director

**SUBJECT:** Year 2006 Federal Tax Withholding and Social Security/Medicare Tax

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Please make the following payroll tax information available to all employees:

- 1) The annual Federal withholding allowance for exemptions has been increased to \$3,300 for the year 2006.
- 2) The 2006 Social Security (FICA) and Medicare taxable rates and wage bases will be as follows:

	<u>Tax Rate</u>	<u>Taxable Wages (Maximum)</u>
Social Security	6.20%	\$94,200
Medicare	1.45%	No Ceiling

Therefore, the maximum Social Security tax will be \$5,840.00 for 2006. As there is no longer a ceiling for Medicare tax, all wages are subject to the 1.45 % tax rate.

VAG/ms

c: P. Rini  
Y. Kong  
J. Hederman