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MEMORANDUM FOR ALL CONTRACTING OFFICERS AND NEGOTIATORS

TO:       Distribution List FAC
FROM:     M/OP/OD, Marcus L. Stevenson, Procurement Executive
SUBJECT:  1997 FICA and Medicare Tax Rates for Personal Services Contracts (PSC's)

This CIB supersedes CIB 96-10.

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. 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 1997.

FICA 6.2 of the first $65,400
Medicare 1.45% of the total wage