



CCI 653.01

EFFECTIVE DATE: 12 December 2022

By Order of the Assistant Secretary for Health:

ADM Rachel L. Levine, M.D.

SUBJECT: Social Security (FICA) Taxes

1. PURPOSE: This Instruction sets forth the requirements for deduction of Social Security (FICA) taxes from pay from officers of the U.S. Public Health Service (USPHS) Commissioned Corps.
2. APPLICABILITY: This Instruction applies to all Public Health Service (PHS) officers serving on Regular and Ready Reserve. Coverage is mandatory.
3. AUTHORITY:
 - 3-1. [42 U.S.C. § 402](#), "Old-age survivors insurance benefit payments"
 - 3-2. [42 U.S.C. § 430](#), "Adjustment of contribution and benefit base"
 - 3-3. [26 U.S.C. § 3101](#), "Rate of tax"
 - 3-4. [26 U.S.C. § 3402](#), "Income Tax Collected at Source"
 - 3-5. [26 U.S.C. § 6331](#), "Levy and distraint"
4. PROPONENT: The proponent of this Instruction is the Assistant Secretary for Health (ASH). The Surgeon General (SG) supervises activities relating to the day-to-day operations of the USPHS Commissioned Corps. The Director, Commissioned Corps Headquarters (CCHQ), provides overall management of USPHS Commissioned Corps personnel operations and processes.
5. SUMMARY OF REVISIONS AND UPDATES: This is the first issuance of this Instruction within the electronic Commissioned Corps Issuance System (eCCIS) and replaces Commissioned Corps Personnel Manual (CCPM) CC 22.7.2 dated 5 May 1980. This version:
 - 5-1. Reformats the policy in adherence with the Commissioned Corps Instruction (CCI) format.
 - 5-2. Introduces new authorities: [42 U.S.C. § 430](#), [26 U.S.C. § 3402](#), and [26 U.S.C. § 6331](#).
 - 5-3. Updates Section 6. to include recent information regarding wages subject to FICA withholding and current tax rates.

- 5-4. Adds the Financial Services Branch (FSB) as a responsible party for administering deductions and withholdings from officer's pay and allowances.
- 5-5. Adds recipient information in Section 8. for tax forms.

6. POLICY:

6-1 Information about officers' coverage and the benefits payable under the Social Security Old-Age and Survivors Insurance Program can be obtained from a local Social Security office or from the:

Social Security Administration
Office of Policy and Regulations
6401 Security Blvd.
Baltimore, Maryland 21235

6-2. Deduction of FICA Tax.

- a. Taxable wages. The following wages are subject to FICA withholding:
 - (1) Basic pay (even if earned when absent because of injury, sickness, or hospitalization);
 - (2) Inactive duty compensation;
 - (3) Taxable amounts earned but unpaid at the date of death, if paid to the beneficiary during the same calendar year as the PHS officer's death;
 - (4) Taxable amounts received prior to the Government's voidance of the officer's enlistment contract; and
 - (5) Waived portions of forfeitures of basic pay payable to dependent(s) of an officer.
- b. Reductions to FICA wages (such as the Montgomery G.I. Bill contributions and adoption reimbursements).
- c. Tax rate. Officers can find the percentage of tax deduction, the maximum taxable income, and the total maximum tax by calendar year on the Social Security Administrations website: [Tax Rates 1937 to Present](#).
- d. More than one employer. The Government will withhold FICA tax from an officer's basic pay without regard to amounts previously or currently deducted by another employer within the calendar year.
- e. Retroactive entitlements and deductions. Retroactive entitlements and deductions will adjust the pay for the year in which they are made and are included in the tax reporting for the quarter in which they are paid. All retroactive payments are subject to FICA withholding at the rates in effect at the time of payment.
- f. Tax collection by levy. If an officer neglects or refuses to pay FICA taxes, the Secretary of Health and Human Services may collect the tax by levy in accordance with [26 U.S.C. § 6331](#).

7. RESPONSIBILITIES:

7-1. The ASH is responsible for establishing policies related to the management of the USPHS Commissioned Corps.

7-2. The SG supervises the day-to-day operations of the USPHS Commissioned Corps and is

responsible for establishing Personnel Operations Memorandums (POM) through the eCCIS.

- 7-3. The Director, CCHQ, or designee, is responsible for the overall administration and management of all the personnel processes listed in this Instruction and any operational guidelines established by the SG.
 - 7-4. The Financial Services Branch (FSB) is responsible for administering deductions and withholdings from officer's pay and allowances.
 - 7-5. All PHS officers are responsible for adhering to the guidelines and procedures listed in this Instruction, as well as any additional guidance provided by the SG or Director, CCHQ.
8. PROCEDURES:
- 8-1. Deduction of FICA Tax.
 - a. More than one employer. If an officer exceeds their FICA wage base due to working two or more jobs, they need to follow Internal Revenue Service (IRS) guidelines found in [Topic No. 608](#), "Excess Social Security and RRTA Tax Withheld," to receive the overcontribution amount in their next tax return. The amount withheld during each year will be reported on [IRS Form W-2](#), "Wage and Tax Statement," issued to each officer at the end of the taxable year.
 - b. Retroactive entitlements and deductions. If an officer has been discharged, separated, or retired, then FSB will issue an IRS Form W-2 to the officer.
 - 8-2. Federal/State Income Tax Withholding. Federal income tax withholding is mandatory and the USPHS Commissioned Corps automatically withholds it from the PHS officer's taxable pay. Officers must complete [IRS Form W-4](#), "Employee's Withholding Certificate," to determine the amount withheld from an officer's income based on marital status and the number of exemptions claimed by the officer. Until FSB receives IRS Form W-4, it will base the officer's tax withholding on "single" status with zero exemptions. FSB encourages officers to submit the form digitally to FSB, Compensation, via:
 - a. The Electronic Corps Mass Communication System (eCMCS) accessed through the Officer Secure Area of the [USPHS Commissioned Corps website](#);
 - b. Email at: PHSCCHQCompensation@hhs.gov; or
 - c. Physically to:

Commissioned Corps Headquarters – FSB, Compensation Branch
1101 Wootton Parkway, Suite 300
Rockville, MD 20852
9. HISTORICAL NOTES: This is the first issuance of this Instruction within the eCCIS.
- 9-1. CCPM CC 22.7.2 "Social Security (FICA) Taxes," dated 5 May 1980.