

# US employment tax rates and limits for 2025

December 25, 2025



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# Social Security wage base for 2025

The Social Security wage base will increase from \$168,600 to \$176,100 in 2025, higher than the \$174,900 high-cost estimate published in the 2024 Annual Report of the Board of Trustees. (See EY Tax Alert [2024-0936](#); [Social Security Administration Press Release](#).)

The Medicare tax rate for 2025 remains at 1.45% of all covered earnings for employers and employees. The Additional Medicare Tax of 0.9% applies to wages of more than \$200,000. While employers are required to withhold the additional 0.9% on covered wages over \$200,000, there is no corresponding employer tax.

For the complete Social Security Administration fact sheet, go [here](#).

## Social Security, Medicare and disability insurance contributions (2024 compared with 2025)

Description	2024	2025	Increase
Social Security tax rate for employees	6.2%	6.2%	-0-
Social Security tax rate for employers	6.2%	6.2%	-0-
Social Security wage base	\$168,600.00	\$176,100.00	\$7,500.00
Maximum Social Security tax for employees	\$ 10,453.20	\$ 10,918.20	\$ 465.00
Medicare tax rate for employers	1.45%	1.45%	-0-
Medicare tax rate for employees	1.45%*	1.45%	-0-
Medicare tax rate for employees on wages above \$200,000*	2.35% (1.45% Medicare +0.9% Additional Medicare)	2.35% (1.45% Medicare +0.9% Additional Medicare)	-0-
Medicare wage base	No limit	No limit	N/A

\* Employers must withhold the Additional Medicare Tax of 0.9% of wages over \$200,000. There is no corresponding employer tax.





# Qualified pension plan limits for 2025

The dollar limitations for retirement plans and certain other dollar limitations that become effective January 1, 2025, have been released by the IRS in [Notice 2024-80](#).

The dollar limitations are adjusted annually for inflation and, consequently, most of them are changed for 2025.

Of note, the 2025 pretax limit that applies to elective deferrals to IRC §§401(k), 403(b) and 457(b) plans increased from \$23,000 to \$23,500. The dollar limitation for catch-up contributions for participants aged 50 or over remains at \$7,500.

Plan participants may wish to consider the impact of the dollar limitations for 2025 in their overall financial planning.

A summary of some of the cost-of-living adjustments for 2024 and 2025 is provided in the chart to the right. Past year limits are also posted on the IRS website in a [historical table](#).

## Qualified retirement plan limitations (2024 compared with 2025)

Description	2024 limit	2025 limit
Participant pretax contribution limit for 401(k) and 403(b) plans IRC §402(g)(1)	\$23,000	\$23,500
Deferral limit for deferred compensation plans of state and local governments and tax-exempts IRC §457(e)(15)	\$23,000	\$23,500
Dollar limit for catch-up contributions for participants aged 50 or over in IRC Section 401(k), 403(b), governmental IRC Section 457(b) plans and Simplified Employee Pensions (SEPs) IRC §414(v)(2)(B)(i)	\$7,500	\$7,500
Dollar limit for catch-up for contributions for participants aged 50 or over in a SIMPLE IRA or a SIMPLE 401(k) IRC §414(v)(2)(B)(ii)	\$3,500	\$3,500
Defined contribution plan contribution limit <sup>1</sup> IRC §415(c)(1)(A)	\$69,000	\$70,000
Maximum ESOP account balance subject to a 5-year distribution period/increments for additional year IRC §409(o)(1)(C)(ii)	\$1,380,000/ \$275,000	\$1,415,000/ \$280,000
Highly-compensated employee dollar threshold IRC §Section 414(q)(1)(B)	\$155,000	\$160,000

Description	2024 limit	2025 limit
Definition of key employee in a top-heavy plan – officer compensation threshold IRC §416(i)(1)(A)(i)	\$220,000	\$230,000
Annual limit on includible compensation for benefits and allocations <sup>2</sup> IRC §§401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii)	\$345,000	\$350,000
SEP employee participation floor IRC §408(k)(2)(C)	\$750	\$750
SIMPLE IRA and SIMPLE 401(k) contribution limit IRC §408(p)(2)(E)	\$16,000	\$16,500
Compensation amount for control employees for fringe benefit valuation purposes Treas. Reg. §1.61-21(f)(5)(i) and (iii)	\$135,000/\$275,000	\$140,000/\$285,000

## Endnotes

<sup>1</sup> For a participant who separated from service before January 1, 2025, the participant's limitation under a defined benefit plan under IRC §415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 2024, by 1.0262.

<sup>2</sup> For eligible participants in certain governmental plans that allow cost-of-living adjustments to the compensation limit to be taken into account, that limit is increased to \$520,000 for 2025, up from \$505,000 in 2024.



# Health Savings Account limits for 2024 and 2025

## Review your tax setup for HSA and other employee health spending account benefits

HRA- and HSA-eligible health plans constitute what are called “consumer-driven” health plans (CDHPs) because they give employees the choice of electing health plan options that best meet their projected out-of-pocket medical expenses. CDHPs raise payroll challenges because the rules governing each of these medical reimbursement account options (FSA, HRA, HSA and MSA) are unique in terms of their tax treatment and reporting.

How companies name their health plans might not clearly communicate the type of medical reimbursement vehicle that applies, causing time-consuming and potentially costly errors in payroll system configurations.

To avoid year-end reporting complications, now is a good time to review employee elections and how they are being handled in your payroll system.

In [Revenue Procedure 2024-25](#), the IRS announced the inflation adjustments that will apply to Health Savings Accounts (HSAs) under IRC §223 effective for calendar year 2025.

HSA limit type	2024	2025
<b>Contribution*</b>		
Self (IRC §223(b)(2)(A))	\$4,150	\$4,300
Family (IRC §223(b)(2)(B))	\$8,300	\$8,550
<b>Out-of-pocket</b>		
Self (IRC §223(c)(2)(A))	\$8,050	\$8,300
Family (IRC §223(c)(2)(A))	\$16,100	\$16,600
<b>Deductible (high-deductible health plan)</b>		
Self (IRC §223(c)(2)(A))	\$1,600	\$1,650
Family (IRC §223(c)(2)(A))	\$3,200	\$3,300

\* Additional contribution of \$1,000 is permitted for individuals aged 55 and older. Those enrolled in Medicare are not eligible to participate. For plan years beginning in 2025, the maximum amount that may be made newly available for the plan year for an excepted Health Reimbursement Arrangement (HRA) under §54.9831-1(c)(3)(viii) is \$2,150.

## Form W-2 reporting reminder

Employer contributions and employee pre-tax contributions to an HSA are required to be reported on Form W-2, box 12, Code W. Employer and employee pretax contributions, that when combined exceed the annual calendar year limit, are required to be treated as taxable wages and reported in Form W-2, boxes 1, 3 (up to the Social Security limit) and 5. (2025 Form W-2 instructions, [page 12](#).)





# 2025 inflation adjustments for fringe benefits and Form W-2 penalties

In [Revenue Procedure 2024-40](#) the IRS announced the 2025 inflation adjustments that will apply to certain fringe benefits and to Form W-2/1099 information reporting penalties.

## Medical Savings Account limits go up in 2025

Summarized below are the 2025 limits that apply to a Medical Savings Account under IRC § 220(c)(2)(A).

Provision	Self-only coverage	Family coverage
High-deductible health plan: annual deductible	Not less than \$2,850 (up from \$2,800 in 2024) and not more than \$4,300 (up from \$4,150 in 2024)	Not less than \$5,700 (up from \$5,550 in 2024) and not more than \$8,550 (up from \$8,350 in 2024)
Annual out-of-pocket (other than for premiums)	Not to exceed \$5,700 (up from \$5,500 in 2024)	Not to exceed \$10,500 (up from \$10,200 in 2024)

## Adoption assistance limit goes up in 2025

The limit on qualified adoption assistance (including benefits provided for special needs children) under IRC §137 for 2025 is \$17,280, up from \$16,810 in 2024.

For 2025, the amount excludable from an employee's gross income begins to phase out under IRC §137(b)(2)(A) for taxpayers with modified adjusted gross income of more than \$259,190 and is completely phased out for taxpayers with modified AGI of \$299,190 or more.

## Health flexible spending arrangement (FSA) limit goes up in 2025

The 2025 annual limit on pretax contributions employees can make toward their health FSA through a cafeteria plan under IRC §125(i) is \$3,300, up from \$3,200 in 2024.

If the cafeteria plan permits the carryover of unused amounts, the maximum carryover amount is \$660, up from \$640 in 2024.

## Transportation fringe benefits (parking and transit) limit goes up in 2025

The 2025 monthly limit on parking benefits under IRC §132(f)(2)(B) is \$325, up from \$315 in 2024.

The 2025 aggregate monthly limit for transportation in a commuter highway vehicle and any transit pass under IRC §132(f)(2)(A) is also \$325, up from \$315 in 2024.



# 2025 inflation adjustments for fringe benefits and Form W-2 penalties

Continued

## Foreign earned income exclusion increases for 2025

For taxable years beginning in 2025, the foreign earned income exclusion amount under IRC § 911(b)(2)(D)(i) is \$130,000, up from \$126,500 in 2024.

## Reporting penalties for Forms W-2/1099 increase for tax year 2025

The penalties that apply to late or incorrect Forms W-2 are indexed each year for inflation. Following are the penalties that apply to late or incorrect Forms W-2 required to be furnished to employees and/or filed with the Social Security Administration for tax year 2025 (filed in 2026).

IRC Section 6721: Failure to timely file an accurate information return with IRS (for returns required to be filed in 2026)				
Filed/corrected on or after	On or before	Penalty	Maximum	Maximum small employer
1/1	1/31	\$0	N/A	N/A
Day after deadline (in 2026, 2/3)	30 days after required filing date (in 2026, 3/5)	\$60	\$683,000	\$239,000
31 days after deadline (in 2026, 3/3)	8/1	\$130	\$2,049,000	\$683,000
8/2		\$340	\$4,098,500	\$1,366,000
	Intentional disregard	\$680	No limit	No limit

IRC Section 6722: Failure to furnish correct payee statements (for statements required to be furnished in 2026)				
Filed/corrected on or after	On or before	Penalty	Maximum	Maximum small employer
1/1	1/31	\$0	N/A	N/A
Day after deadline (in 2026, 2/3)	30 days after required filing date (in 2025, 3/3)	\$60	\$683,000	\$239,000
31 days after deadline (in 2025, 3/3)	8/1	\$130	\$2,049,000	\$683,000
8/2		\$340	\$4,098,500	\$1,366,000
	Intentional disregard	\$680	No limit	No limit



# Federal mileage rates and luxury vehicle limit for 2025

Effective January 1, 2025, the business standard mileage rate for use of a car (including vans, pickup trucks and panel trucks) increases from \$0.67 to \$0.70, and the rate for medical and relocation mileage is unchanged at \$0.21. Mileage related to charity is set by law and remains at \$0.14 per mile. ([Notice 2025-05](#); [Notice 2024-08](#).)

It is important to note that under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for moving expenses incurred between January 1, 2018, and December 31, 2025, except members of the Armed Forces on active duty moving under orders to a permanent change of station.

## Luxury vehicle limit for 2025

Pursuant to the vehicle valuation limit that applies to use of the optional fleet-average and vehicle cents-per-mile valuation methods, the maximum fair market value of a vehicle (including trucks and vans) first made available to employees in calendar year 2025 decreases from \$62,000 to \$61,200.

### Summary of mileage rates (2024 compared with 2025)

Type of mileage	Effective January 1, 2024	Effective January 1, 2025
Business standard	\$0.670	\$0.700
Charity	\$0.140	\$0.140
Relocation and medical	\$0.210	\$0.210



# Per diem rates under high-low substantiation method for 2025

In [Notice 2024-068](#), the IRS released the per diem reimbursement rates that will apply effective October 1, 2024 (or, optionally, January 1, 2025). There were also numerous changes to the areas that qualify as high cost.

Description	High-cost area	Low-cost area
Lodging, meals and incidentals	\$319 (was \$309)	\$225 (was \$214)
Meals and incidentals only	\$86 (was \$74)	\$74 (was \$64)
Incidental expenses only	\$5 (no change)	\$5 (no change)

The special meals and incidental expense (M&IE) rates for taxpayers in the transportation industry are \$80 for any locality of travel in the continental United States (CONUS) and \$86 for any locality of travel outside the continental United States (OCONUS). (See [Revenue Procedure 2019-48](#))

Note that transportation between places of lodging or business and places where meals are taken, and the mailing cost of filing travel vouchers and paying employer-sponsored charge card billings, are no longer included in incidental expenses.

The per diem rates for each locality of travel in the continental United States (CONUS) can be found on the General Services Administration [website](#). Per diem rates for travel outside of the continental United States (OCONUS) are available on the U.S. Department of Defense [website](#). Foreign per diem rates can be found on the U.S. Department of State [website](#).

## High-cost localities of travel under the high-low substantiation method

(effective October 1, 2024 or January 1, 2025)

Key	County/other defined location
<b>Alabama</b>	
Gulf Shores (June 1–July 31)	Baldwin
<b>Arizona</b>	
Phoenix/Scottsdale (Feb. 1–March 31)	Maricopa
Sedona (Oct. 1–Dec. 31 and Mar. 1–Sept. 30)	City limits of Sedona
<b>California</b>	
Los Angeles (Oct. 1–Sept. 30)	Los Angeles, Orange and Ventura and Edwards AFB, less the city of Santa Monica
Mammoth Lakes (Dec. 1–March 31)	Mono
Monterey (Oct. 1–Sept. 30)	Monterey
Napa (Oct. 1–Nov. 30 and Feb. 1–Sept. 30)	Napa
Palm Springs (Oct. 1–April 30)	Riverside
San Diego (Oct. 1–Sept. 30)	San Diego
San Francisco (Oct. 1–Sept. 30)	San Francisco
San Luis Obispo (June 1–July 31)	San Luis Obispo
Santa Barbara (Oct. 1–Sept. 30)	Santa Barbara
Santa Monica (Oct. 1–Sept. 30)	City limits of Santa Monica
Sunnyvale/Palo Alto/San Jose (Oct. 1–Sept. 30)	Santa Clara
Yosemite National Park (Jan. 1–April 30)	Mariposa



Key	County/other defined location
<b>Colorado</b>	
Aspen (Oct. 1–Sept. 30)	Pitkin
Denver/Aurora (Oct. 1–Oct. 31 and April 1–Sept. 30)	Denver, Adams, Arapahoe and Jefferson
Silverthorne/Breckenridge (Dec. 1–March 31)	Summit
Steamboat Springs (Dec. 1–March 31)	Routt
Telluride (Oct. 1–Sept. 30)	San Miguel
Vail (Oct. 1–Sept. 30)	Eagle
<b>Delaware</b>	
Lewes (July 1–Aug. 31)	Sussex
<b>District of Columbia</b>	
Washington, DC (Oct. 1–Sept. 30)	Also, the cities of Alexandria, Falls Church and Fairfax and the counties of Arlington and Fairfax in Virginia; and the counties of Montgomery and Prince George's in Maryland (see also Maryland and Virginia)

Key	County/other defined location
<b>Florida</b>	
Boca Raton/Delray Beach/Jupiter (Jan. 1–April 30)	Palm Beach and Hendry
Bradenton (Feb. 1–March 31)	Manatee
Cocoa Beach (Feb. 1–March 31)	Brevard
Fort Lauderdale (Jan. 1–April 30)	Broward
Fort Myers (Jan. 1–March 31)	Lee
Fort Walton Beach/DeFuniak Springs (June 1–July 31)	Okaloosa and Walton
Gulf Breeze (June 1–July 31)	Santa Rosa
Key West (Oct. 1–Sept. 30)	Monroe
Miami (Dec. 1–May 1)	Miami–Dade
Naples (Dec. 1–April 30)	Collier
Panama City (June 1–July 31)	Bay
Sarasota (Feb. 1–April 30)	Sarasota
Sebring (Feb. 1–March 31)	Highlands
Stuart (Feb. 1–March 31)	Martin
Tampa/St. Petersburg (Jan. 1–April 30)	Pinellas and Hillsborough
Vero Beach (Dec. 1–April 30)	Indian River

# Per diem rates under high-low substantiation method for 2025

Continued

Key	County/other defined location
<b>Georgia</b>	
Atlanta (Jan. 1–March 31)	Fulton and DeKalb
Jekyll Island/Brunswick (March 31–July 31)	Glynn
<b>Idaho</b>	
Boise (Oct. 1–Oct. 31 and June 1–Sept. 30)	Ada
Coeur d'Alene (June 1–Aug. 31)	Kootenai
Sun Valley/Ketchum (Dec. 1–March 31 and June 1–Sept. 30)	Blaine and Elmore
<b>Illinois</b>	
Chicago (Oct. 1–Nov. 30 and April 1–Sept. 30)	Cook and Lake
<b>Maine</b>	
Bar Harbor/Rockport (Oct. 1–Oct. 31 and May 1–Sept. 30)	Hancock and Knox
Kennebunk/Kittery/Sanford (July 1–Aug. 31)	York
Portland (Oct. 1–Aug. 31 and July 1–Sept. 30)	Cumberland and Sagadahoc
<b>Maryland</b>	
Ocean City (July 1–Aug. 31)	Worcester
Washington, DC Metropolitan Area (Oct. 1–Sept. 30)	Montgomery and Prince George's
<b>Massachusetts</b>	
Boston/Cambridge (Oct. 1–Sept. 30)	Suffolk, city of Cambridge
Falmouth (May 1–Aug. 31)	City limits of Falmouth
Hyannis (July 1–Aug. 31)	Barnstable, less the city of Falmouth

Martha's Vineyard (Oct. 1–Sept. 30)	Dukes
Nantucket (June 1–Sept. 30)	Nantucket

Key	County/other defined location
<b>Michigan</b>	
Mackinac Island (July 1–Aug. 31)	Mackinac
Petoskey (July 1–Aug. 31)	Emmet
Traverse City (July 1–Aug. 31)	Grand Traverse
<b>Minnesota</b>	
Duluth (Oct. 1–Oct. 31 and June 1–Sept. 30)	St. Louis
<b>Montana</b>	
Big Sky/West Yellowstone/ Gardiner (June 1–Sept. 30)	Gallatin and Park
Kalispell/Whitefish (July 1–Aug. 31)	Flathead
<b>New Jersey</b>	
Toms River (July 1–Aug. 31)	Ocean
<b>New York</b>	
Glens Falls (July 1–Aug. 31)	Warren
Lake Placid (July 1–Aug. 31)	Essex
New York City (Oct. 1–Dec. 31 and March 1–Sept. 30)	Bronx, Kings, New York, Queens and Richmond
Saratoga Springs/Schenectady (July 1–Aug. 31)	Saratoga and Schenectady
<b>North Carolina</b>	
Kill Devil Hills (April 1–Aug. 31)	Dare



Key	County/other defined location
<b>Oregon</b>	
Bend (June 1–Aug. 31)	Deschutes
Eugene/Florence (June 1–July 31)	Lane
Seaside (July 1–Aug. 31)	Clatsop
<b>Pennsylvania</b>	
Hershey (June 1–Aug. 31)	Hershey
Philadelphia (Oct. 1–Nov. 30, March 1–June 30 and Sept. 1–Sept. 30)	Philadelphia
<b>Rhode Island</b>	
Jamestown/Middletown/ Newport (Oct. 1–Nov. 30 and June 1–Sept. 30)	Newport
<b>South Carolina</b>	
Charleston (Oct. 1–Sept. 30)	Charleston, Berkeley and Dorchester
Hilton Head (March 1–Aug. 31)	Beaufort
<b>Tennessee</b>	
Nashville (Oct. 1–Sept. 30)	Davidson
<b>Utah</b>	
Moab (Oct. 1–Oct. 31 and March 1–June 30 and Sept. 1–Sept. 30)	Grand
Park City (Oct. 1–Sept. 30)	Summit

Key	County/other defined location
<b>Vermont</b>	
Burlington (Oct. 1–Oct. 31 and May 1–Sept. 30)	Chittenden
Manchester (Oct. 1–Oct. 31 and Aug. 1–Sept. 30)	Bennington
Montpelier (Oct. 1–Oct. 31 and Aug. 1–Sept. 30)	Washington
<b>Virginia</b>	
Virginia Beach (June 1–Aug. 31)	City of Virginia Beach
Wallops Island (July 1–Aug. 31)	Accomack
Washington, DC metro area (Oct. 1–Sept. 30)	Cities of Alexandria, Fairfax, and Falls Church; counties of Arlington and Fairfax
<b>Washington</b>	
Port Angeles/Port Townsend (July 1–Aug. 31)	Clallam and Jefferson
Seattle (Oct. 1–Sept. 30)	King
<b>Wyoming</b>	
Jackson/Pinedale (Oct. 1–Sept. 30)	Teton and Sublette

# 2023 and 2024 FUTA credit reduction

## 2023 FUTA credit reduction for the states and the U.S. Virgin Islands

Employers will be subject to a FUTA tax rate of 1.2% for tax year 2023 for the below states because they had outstanding federal unemployment insurance loan balances on November 10, 2023. Note that the U.S. Virgin Islands has a higher net FUTA rate because it has had a federal loan balance since 2009. (U.S. Department of Labor [Final 2023 FUTA Credit Reductions](#).) The added tax was due with the 2023 Form 940 due January 31, 2024.

### 2023 FUTA credit reduction rates

State	First year of loan	2023 FUTA credit reduction	2023 benefit cost ratio (BCR) add-on <sup>1</sup>	2023 total FUTA rate <sup>2</sup>
California	2020	0.6%	0.0%	1.2%
New York	2020	0.6%	0.0%	1.2%
Virgin Islands	2009	3.9%	0.0%	4.5%

<sup>1</sup> BCR of 0.7% waived by the USDOL. The 2.7 (not a percentage) add-on could have applied because the BCR add-on was waived; however, this was not the case for 2023.

<sup>2</sup> Total FUTA rate includes the FUTA credit reduction and 0.6% minimum net FUTA rate.

## 2024 FUTA credit reduction for states and the U.S. Virgin Islands

(U.S. Department of Labor [Final 2024 FUTA Credit Reductions](#).) The added tax was due with the 2024 Form 940 due January 31, 2025.

### 2024 FUTA credit reduction rates

State	First year of loan	2023 FUTA credit reduction	2023 benefit cost ratio (BCR) add-on <sup>1</sup>	2023 total FUTA rate <sup>2</sup>
California	2020	0.9%	0.0%	1.5%
New York	2020	0.9%	0.0%	1.5%
Virgin Islands	2009	4.2%	0.0%	5.1%

<sup>1</sup> BCR of 0.7% waived by the USDOL. The 2.7 (not a percentage) add-on could have applied because the BCR add-on was waived; however, this was not the case for 2024.

<sup>2</sup> Total FUTA rate includes the FUTA credit reduction and 0.6% minimum net FUTA rate.



# State unemployment insurance wage bases and tax rates for 2025

## Highlights

- 28 jurisdictions have a flexible state unemployment insurance (SUI) wage base, meaning that the wage base can increase or decrease each year. In the remaining jurisdictions, the wage base is set, requiring legislation to change it.
- Colorado had the highest dollar rise in its wage base with an increase of \$3,400 from 2024.
- Michigan, Missouri and West Virginia are the only jurisdictions to lower their SUI wage bases for 2025.
- Two states, Nebraska and Rhode Island, assign a higher SUI wage base to employers with a high claims rate.
- For a comparison of the 2024 and 2025 SUI wage bases and percentage of increase/decrease, if applicable, see EY Tax Alert [2025-0171](#).
- For updates to this information see our special report, US employment tax rates and limits for 2025, available [here](#).

## SUI wage bases

SUI trust funds are largely financed by employer contributions (in Alaska, New Jersey and Pennsylvania employees also make contributions). States are required to maintain a SUI taxable wage base of no less than the limit set under the Federal Unemployment Tax Act (FUTA). The 2025 FUTA wage limit of \$7,000 has remained unchanged since 1983, despite increases in the federal minimum wage and annual cost-of-living adjustments over the last 41 years.

Some states are conservative in their approach to maintaining adequate SUI trust fund reserves. Consequently, the SUI wage base is flexible in those states, meaning, it is indexed to the average wage and/or or varies based on the trust fund balance. According to the U.S. Department of Labor, in 2023, 26 jurisdictions had a flexible wage base. (*U.S. Department of Labor, [Comparison of State Unemployment Laws](#).*)

## SUI tax rates

See the footnotes in the chart that begins on the next page for details about special actions some states took to lessen increases in their SUI tax rates and/or wage bases in 2025.

## See what the employer SUI cost outlook is for 2025

On the next page is a chart of the 2025 SUI wage bases and tax rates, including surcharges that are not certified and not included in state SUI wages on the federal Form 940. Information is also provided concerning the date that the 2025 SUI rate notices were/will be available.

# State unemployment insurance wage bases and tax rates for 2025

Continued

## SUI wage bases and tax rates for 2025 (as of December 25, 2025)

Note that the hyperlinks on the jurisdiction name point to the source of the SUI tax rate information.

(SUI rate information that is highlighted in gray is for 2024 because the 2025 information is not yet available. Wage base information for 2025 is complete unless “TBD” or “EST” is indicated. Information concerning the mailing of 2025 rate notices was not yet available at the time of this printing if highlighted in turquoise.)

Jurisdiction	2025 taxable wage base	2025 range of SUI tax rates for merit-rated employers <sup>1</sup>	2025 rate for new employers <sup>6</sup>	2025 employee rate	2025 surcharge not reported on Form 940 <sup>2</sup>
<a href="#">Alabama</a> (2025 rate notice mailed 12-10-24)	\$8,000	0.14-5.34% <a href="#">Schedule A</a>	2.7%	None	0.06% <sup>3</sup> (Employment Security Enhancement Assessment or ESA)
<a href="#">Alaska</a> <sup>5</sup> (2025 rate notice mailed 12-2-24)	\$51,700↑	1.0-5.4%	Varies	0.50%	None
<a href="#">Arizona</a> (2025 rate notice mailed 12-30-24)	\$8,000	0.04-9.72%↓	2.0%↓	None	None
<a href="#">Arkansas</a> <sup>*5</sup> (2025 rate notice mailed 1-16-25)	\$7,000	0.200%-10.100%↓	1.9%↓	None	0.100%↓ <sup>4</sup> (Administrative Assessment)
<a href="#">California</a> (2025 rate notice mailed 12-31-24)	\$7,000	1.5-6.2% Schedule F+	3.4%	None	0.10% <sup>3</sup> (Employment Training Tax or ETT)
<a href="#">Colorado</a> <sup>*5</sup> (2025 rate notice mailed 11-25-24)	\$27,200↑	0.64-8.86%↓	<a href="#">3.05%↑</a> (building 3.08-7.65%)↓	None	% of employer's SUI rate varies by industry ( <a href="#">Support Rate</a> ) <sup>4</sup> % of employer's SUI rate varies by industry ( <a href="#">Solvency Surcharge</a> ) <sup>4</sup>
<a href="#">Connecticut</a> <sup>*5</sup> (2025 rate notice mailed 12-27-24)	\$26,100↑	1.1-8.9%↑	<a href="#">2.2%↓</a>	None	None
<a href="#">Delaware</a> <sup>5</sup> (2025 rate notice mailed 1-16-25)	\$12,500↑	0.30-5.40↑	1.0%↓	None	0.2% <sup>3</sup> ( <a href="#">special training tax assessment</a> )
<a href="#">District of Columbia</a> <sup>7</sup> (2025 rate notice mailed 1-10-2025)	\$9,000	1.9-7.4% ( <a href="#">Tax Table VI</a> )	<a href="#">2.7%</a>	None	0.2% <sup>3</sup> ( <a href="#">Administrative assessment</a> )

Jurisdiction	2025 taxable wage base	2025 range of SUI tax rates for merit-rated employers <sup>1</sup>	2025 rate for new employers <sup>6</sup>	2025 employee rate	2025 surcharge not reported on Form 940 <sup>2</sup>
<b>Florida</b> * (2025 rate notice mailed 12-21-23)	\$7,000	0.1-5.4%	2.7%	None	None
<b>Georgia</b> * <sup>7</sup> (2025 rate notice mailed 1-2-25)	\$9,500	0.04-8.1%↓	2.64%↓ (Remains in effect through December 31, 2026)	None	0.06% <sup>3</sup> (Administrative Assessment)
<b>Hawaii</b> * <sup>5</sup> (2025 rate notice mailed 3-14-25)	\$62,000↑	0.0%-5.6% Schedule C	2.4%	None	0.01% <sup>3</sup> (Employment and Training (E&T) Assessment Rate)
<b>Idaho</b> * <sup>5</sup> (2025 rate notice mailed 12-12-25)	\$55,300↑	0.225-5.4%↑	1.00%	None	0.00% to 0.00675% <sup>3</sup> ↓ (Workforce Rate surcharge) 0.00% to 0.03825% <sup>3</sup> ↓ (Admin Rate surcharge)
<b>Illinois</b> * <sup>5</sup> (2025 rate notice mailed 12-17-24)	\$13,916↑	0.2-7.3%↓	3.650%↓ including FRR (no special industry rates)↑	None	0.55% <sup>3</sup> (Fund Building Rate-FRR)
<b>Indiana</b> * (2025 rate notice mailed 1-03-24)	\$9,500	0.5-7.4% Schedule C	2.5% (1.6% government, building rate varies)	None	0.0% (solvency surcharge)
<b>Iowa</b> <sup>5</sup> (2025 rate notice mailed 11-20-24)	\$39,500↑	0-7.0% Table 8	1% (building 7.0%)	None	None
<b>Kansas</b> * <sup>5</sup> starting in 2026 (2025 rate notice mailed 11-06-24)	\$14,000	0.00-6.65%↑ Schedule B	1.75% (building 5.55%)↓	None	0.0% (Fund building surcharge)
<b>Kentucky</b> * <sup>5</sup> (2025 rate notice mailed 12-16-24)	\$11,700↑	0.3%-9.0% Schedule A	2.7% (building 9% to 10%)	None	0.075% <sup>3</sup> (Service Capacity Upgrade Fund Tax (SCUF))
<b>Louisiana</b> <sup>5</sup> (2025 rate notice mailed 12-11-24)	\$7,700	0.09-6.2%	Varies (average rate for employers in the same industrial classification (NAICS code))	None	Varies <sup>4</sup> (Incumbent Worker Training Program and Integrity Social Charge Fund rates)



# State unemployment insurance wage bases and tax rates for 2025

Continued

Jurisdiction	2025 taxable wage base	2025 range of SUI tax rates for merit-rated employers <sup>1</sup>	2025 rate for new employers <sup>6</sup>	2025 employee rate	2025 surcharge not reported on Form 940 <sup>2</sup>
<b>Maine</b> * (2025 rate notice mailed 12-23-24)	\$12,000	0.0-5.75% <a href="#">Schedule A</a>	2.11%↑	None	0.14% <sup>3</sup> ↑ (Competitive Skills Scholarship Fund or CSSF)  0.16% <sup>3</sup> ↑ (Unemployment Program Administrative Fund or UPAF)
<b>Maryland</b> <sup>5</sup> (2025 rate notice mailed 3-17-25)	\$8,500	0.3-7.5% Table A	2.6% (building 3.3%)	None	None
<b>Massachusetts</b> (2025 rate notice mailed 1-21-24)	\$15,000	0.83-12.65%↑ <a href="#">Schedule D</a>	2.13%↑ (building 5.45%↓)	None	0.056% <sup>3</sup> (Workforce Training Fund or <a href="#">WTF</a> )
<b>Michigan</b> <sup>5</sup> (2025 rate notice mailed 12-30-24)	\$9,000↓ (\$9,500 for delinquent employers)	0.06-10.3%	2.7% (building 4.9%) ↓	None	None
<b>Minnesota</b> * <sup>5,7</sup> (2025 rate notice mailed 12-11-24)	\$43,000↑	0.40-8.9%↑ (For 2025, an additional assessment of 5% of the SUI tax due applies because the trust fund balance fell below the specified threshold as of March 31, 2024)	Varies by industry with rates ranging from 1.0% to 8.90%	None	0.1% ( <a href="#">Workforce Development Assessment</a> )  0.0% <sup>3</sup> (Federal interest assessment)
<b>Mississippi</b> (2025 rate notice mailed 3-3-25)	\$14,000	0.2-5.4%	1%, 1.1%, 1.2%	None	0.2% <sup>3</sup> (Workforce investment, Mississippi Works, and Workforce Enhancement Training surcharges)
<b>Missouri</b> * <sup>5</sup> (2025 rate notice mailed 11-22-24)	\$9,500↓	0-6.0%	2.376% (nonprofit 1%)	None	0.02% <sup>3</sup> (Automation Adjustment)

Jurisdiction	2025 taxable wage base	2025 range of SUI tax rates for merit-rated employers <sup>1</sup>	2025 rate for new employers <sup>6</sup>	2025 employee rate	2025 surcharge not reported on Form 940 <sup>2</sup>
<a href="#">Montana</a> <sup>5</sup> (2025 rate notice mailed 12-26-24)	\$45,100↑	0-6.12% Schedule 1	Varies (1.0%-2.0%)↓	None	0.13%-0.18% <sup>4</sup> (Administrative Fund Tax or AFT)
<a href="#">Nebraska</a> * (2024 rate notice mailed 12-06-24)	\$9,000/\$24,000	<a href="#">0-5.4%</a> (For 2025, a SUI Allocation surcharge applies of 20% of the employer's SUI tax rate)	<a href="#">1.25%</a> (building 5.4%)	None	
<a href="#">Nevada</a> <sup>5</sup> (2024 rate notice mailed 12-26-24)	\$41,800↑	0.25-5.4%	2.95%	None	0.05% <sup>3</sup> ( <a href="#">Career Enhancement Program (CEP) surcharge</a> )
<a href="#">New Hampshire</a> <sup>8</sup> (Rate notices for fiscal year 2026 mailed on 8-27-25)	\$14,000	<a href="#">2.7-7.0%</a> Table I effective 7-1-25 to 9-30-26, rates may change each quarter)	2.7% (effective 7-1-25 to 9-30-26)	None	0.4% <sup>3</sup> ( <a href="#">Administrative Surcharge or AC</a> )
<a href="#">New Jersey</a> <sup>5,8</sup> (Rate notices for fiscal year 2026 mailed on 8-22-25)	\$43,300↑	0.5%-5.8% <a href="#">Table C</a> (effective 7-1-25 to 6-30-26)	3.1%↓ (effective 7-1-25 to 6-30-26)	<a href="#">0.425%</a>	0.1% <sup>4</sup> (Workforce Development Fund)  0.0175% <sup>4</sup> (Supplemental Workforce Fund)
<a href="#">New Mexico</a> <sup>*5,7</sup> (2025 rate notice mailed on 11-26-24)	\$33,200↑	0.33-6.4%	<a href="#">1% (or industry average if higher)</a>	None	None
<a href="#">New York</a> <sup>*5,7</sup> (2025 rate notice mailed 2-10-25)	\$12,800↑	2.025-9.825	4.025%	None	0.075% <sup>3</sup> ( <a href="#">Reemployment Services Fund Surcharge</a> )  0.12% <sup>3</sup> ↓ ( <a href="#">Interest Assessment Surcharge</a> )
<a href="#">North Carolina</a> <sup>5</sup> (2025 rate notice mailed on 12-16-24)	\$32,600↑	0.06-5.76%	<a href="#">1.0%</a>	None	None
<a href="#">North Dakota</a> <sup>*5</sup> (2025 rate notice mailed on 12-6-24)	\$45,100↑	<a href="#">0.14-9.69%</a> ↓	<a href="#">1.03% ↓, 6.09%↑</a> (building 9.69%)	None	None

# State unemployment insurance wage bases and tax rates for 2025

Continued

Jurisdiction	2025 taxable wage base	2025 range of SUI tax rates for merit-rated employers <sup>1</sup>	2025 rate for new employers <sup>6</sup>	2025 employee rate	2025 surcharge not reported on Form 940 <sup>2</sup>
<b>Ohio</b> (2025 rate notice mailed on 11-19-24)	\$9,000	0.4-10.1%	2.7% (building 5.6%)	None	None
<b>Oklahoma</b> <sup>*5</sup> (2025 rate notice mailed 9-30-24)	\$28,200↑	0.3-9.2% Conditional Factor D	1.5%	None	5% of the SUI tax rate (OESC Technology Reinvestment Assessment was reinstated effective 1-1-2023 and through 12-30-27 under <a href="#">HB 2456</a> )
<b>Oregon</b> <sup>*5</sup> (2025 rate notice mailed on 11-15-24)	\$54,300↑	0.9-5.4%↑ Schedule III	2.4%↑	None	0.139% 1 <sup>st</sup> quarter↑, 0.109% 2 <sup>nd</sup> -4 <sup>th</sup> quarters (Special Payroll Tax Offset)
<b>Pennsylvania</b> (2024 rate notice mailed on 12-31-23)	\$10,000	1.4190-10.3734%↑	3.8220%↑ (building 10.5924%↑)	0.07%	0.00% (Interest tax factor for bonds sold to repay the federal UI loan)
<b>Puerto Rico</b> <sup>*</sup> (2025 rate notice mailed 12-6-24)	\$7,000	2.0-5.4%↓ Table E	3.4%	None	1.00% (Tax Rate Special Assessment) <sup>3</sup>
<b>Rhode Island</b> <sup>*5</sup> (2025 rate notice mailed on 12-24-24)	\$29,800/ \$31,300↑	0.89-9.49%↓ Schedule G	0.89%↑	None	0.21% <sup>3</sup> (Job Development Fund or JDF)
<b>South Carolina</b> (2025 rate notice mailed on 11-22-24)	\$14,000	0-5.4%	0.29%↓	None	0.06% <sup>3</sup> (Contingency Surcharge)  0.00% <sup>3</sup> (Solvency Surcharge)
<b>South Dakota</b> (2025 rate notice mailed on 10-31-24)	\$15,000	0-8.8%↓ Schedule C	1.2%, 1.0% (building 6%, 3%)	None	0.02% <sup>3</sup> (Administrative Fee Surcharge) 0.00-0.55% <sup>3</sup> (Investment Fee)
<b>Tennessee</b> <sup>*8</sup> (Rate notices for fiscal year 2026 mailed in August 14, 2025)	\$7,000	0.01-10% (Table 6) (effective 7-1-25 to 6-30-26)	Rate is based on the reserve ratio of the industry (NAICS) sector	None	None



Jurisdiction	2025 taxable wage base	2025 range of SUI tax rates for merit-rated employers <sup>1</sup>	2025 rate for new employers <sup>6</sup>	2025 employee rate	2025 surcharge not reported on Form 940 <sup>2</sup>
<b>Texas</b> (2025 rate notice mailed 1-10-25)	\$9,000	0.25-6.25%	2.7% (or industry average if higher)	None	0.10% <sup>3</sup> (Employment & Training Investment Assessment) 0.00% <sup>3</sup> ↓ (Bond Obligation Assessment Rate)
<b>Utah</b> * <sup>5</sup> (2025 rate notice mailed on 11-19-24)	\$48,900↑	0.2-7.2%	Building 7.2% (Other rates vary by industry)	None	None
<b>Vermont</b> * <sup>5,8</sup> (Rate notices for fiscal year 2026 mailed on 6-25-25)	\$14,800↑	0.4%-5.4% Schedule 1 (effective 7-1-25 to 6-30-26)	1% (varies for certain industries) (effective 7-1-25 to 6-30-26)	None	None
<b>Virginia</b> (2024 rate notice mailed 11-26-24)	\$8,000	0.1-6.2% ↓	2.5% (6.2% for foreign contractors and delinquent employers)	None	0.00% (Fund Building Surcharge) 0.05% (New for 2025: Administrative Fee Charge)
<b>Virgin Islands</b> <sup>5</sup> 24 V.I.C. §308 (2025 rate notice mailed 2-11-25)	\$31,000↑	2.46%-5.4%↑	2%	None	\$25 per employee (Interest assessment for federal loan)
<b>Washington</b> <sup>5</sup> (2025 rate notice mailed on 12-6-24)	\$72,800↑	0.27-6.02%↑	90% of the industry average and a minimum of 1.0%	None	0.03% <sup>3</sup> (Employer Administrative Fund or EAF) 0.03% <sup>3</sup> (Solvency Surcharge)
<b>West Virginia</b> * (2025 rate notice mailed on 12-13-24)	\$9,500↓	1.5-8.5% Column C	2.7% (building 8.5%)	None	None
<b>Wisconsin</b> (2025 rate notice mailed on 10-07-24)	\$14,000	0.0-12% (small employer); 0.05-12% (large employer) Schedule D	3.05% for small employer; 3.25% for large employer; 2.9%/3.10% for building	None	None
<b>Wyoming</b> <sup>5</sup> (2025 rate notice mailed on 12-31-24)	\$32,400↑	0%-8.5%	Varies	None	0.042 <sup>3</sup> (Employment Support Fund Factor) 0.014 <sup>3</sup> (new)↑ (Workforce Development Fund Training Factor)

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# State unemployment insurance wage bases and tax rates for 2025

*Continued*

## Footnotes:

\* See state-specific note below.

\*\* Much of the information in this survey was obtained through review of state revenue/workforce department administrative guides or informational telephone or email surveys with state governmental agencies. Although state administrative guides and telephone and email surveys are useful in determining how government departments currently treat an issue, answers and positions derived from such sources are not binding upon the state, cannot be cited as precedent, may change over time and hence cannot be relied upon.

↑ Increase from prior year

↓ Decrease from prior year

EST - 2025 SUI wage base is estimated.

TBD - 2025 SUI wage base has not yet been published.

<sup>1</sup> This is the base SUI tax rate that is eligible for the 5.4% federal unemployment insurance (FUTA) tax credit and is reported on Form 940 as a state contribution. This rate does not include surcharges that are not eligible for the 5.4% FUTA credit.

<sup>2</sup> Additional surcharges are those rates that are not certified to the federal government as employer unemployment taxes for Form 940 purposes. Unless otherwise noted, the surcharge is in addition to the range of UI rates for merit-rated employers shown in the third column. Certain employers (i.e., maximum-rated) may be exempt from the surcharge. For states that have borrowed from the federal government, an additional surcharge for payment of interest may apply.

<sup>3</sup> The surcharge is shown separately on the quarterly contribution report (or billed on a separate notice).

<sup>4</sup> The surcharge is combined with the unemployment tax rate on the quarterly contribution report. Deduct the surcharge when completing the Form 940 worksheet.

<sup>5</sup> The wage base is adjusted annually.

<sup>6</sup> "Building" refers to the construction industry.

<sup>7</sup> 2025 SUI tax rate information is not yet available.  
See gray shaded cells.

<sup>8</sup> The state's SUI tax rates are in effect July 1 through June 30.

## Arkansas

For calendar years after 2019, the wage base is determined each year based on the average seasonal unadjusted insured

unemployment rate and disbursements from and the balance of the state's UI trust fund. The wage base can range from \$7,000 to \$12,000. ([Ark. Code Ann. § 11-10-215](#).)

## Colorado

Legislation in 2020 ([SB 20-207](#)) held the SUI taxable wage base at \$13,600 for calendar year 2021 with incremental increases each year thereafter until it reaches \$30,600 in 2026. Specifically, SB 20-207 provides that the SUI taxable wage base will increase incrementally to \$30,600 by calendar year 2026.

Under the legislation, the variable SUI taxable wage base will be set at:

- \$13,600 for 2021
- \$17,000 for 2022
- \$20,400 for 2023
- \$23,800 for 2024
- \$27,200 for 2025
- \$30,600 for 2026, as adjusted by changes in the annual average weekly wage

## Connecticut

2021 [HB 6633/Public Act 21-200](#) increases the taxable wage base for calendar year 2024 to \$25,000, up from \$15,000. Beginning with calendar year 2025, the taxable wage base will be indexed each year for inflation.

## Delaware

Effective January 1, 2024, [HB 236](#) (2023) redirects the Special Assessment from the SUI trust fund to a special administrative fund to pay for future technology needs. Therefore, starting in 2024, the Special Assessment of 0.2% (previously 0.15%) is not included in certified SUI contributions reported on the federal Form 940. (See EY Tax Alert [2023-1813](#).)

[HB 433](#) (2024) phases in a permanent taxable wage base over three years- \$12,500 for calendar year 2025, \$14,500 for calendar year 2026, and \$16,500 for calendar year 2027 and thereafter.

Effective in 2027, the current benefit wage ratio methodology will be replaced with the benefit ratio methodology. Until the effective date of that new tax rate structure, HB 433 provides temporary relief to experience-rated employers in calendar years 2025 and 2026 by reducing new employer tax rates, simplifying tax rate schedules, reducing or holding constant overall employer tax rates, and lowering maximum SUI tax rate.

### Florida

2021 [SB 50](#) directs that the 2022-2025 tax rates be calculated without applying the fund balance adjustment factor. SUI tax rate calculations for 2021-2025 will also exclude UI benefit charges from the second, third and fourth quarters of 2020 and all benefit charges paid as a direct result of a government order to close or reduce capacity of a business due to COVID-19. Changes to the 2023-2025 SUI tax rate calculation are repealed if the trust fund reaches \$4,071,519,600 on June 1.

### Georgia

Effective January 1, 2024, [SB 160](#) (2024) restores the administrative assessment of 0.6% through December 31, 2026. The administrative assessment, which is shown on the quarterly SUI return, applies only to experience-rated employers and not to reimbursing employers or those assigned the new employer rate. The assessment is not included in SUI contributions reported on the federal Form 940. [SB 160](#) also reverts the new employer rate to the lower 2.64% through December 31, 2026, and returns it to 2.7% effective January 1, 2027.

### Hawaii

In 2022, [HB 2471](#)/Act 281 amended the definition of “adequate reserve fund,” the factor used to determine the state unemployment insurance (SUI) rate schedule for the calendar year, to exclude the Benefit Cost Rate (BCR) from June 2020 to August 2021, effective from calendar years 2023 through 2030.

### Idaho

Effective January 1, 2024, [H.B. 428](#) staves off a large increase in SUI tax rates by lowering the multiplier from 1.3 to 1.2 in determining the size of the unemployment insurance (UI) trust fund.

The reduction in the multiplier to 1.2 lowered the 2024 SUI tax increase by 20%, resulting in net savings to employers of \$44 million. It is anticipated that employer tax savings will be \$117 million by the end of five years.

### Illinois

Note that an experience rate of 5.4% applies to employers with a contribution rate higher than 5.4% but total quarterly wages of less than \$50,000.

### Indiana

Legislation enacted in 2020 ([HB 1111](#)) sets a new SUI series of rate schedules in the state's UI law, beginning calendar year 2021. However, for calendar years 2021-2025, the bill freezes employer basic SUI contribution rates (under new basic Rate Schedule C) to within the same range of basic rates as were in effect for calendar years 2011-2020 (under previous basic Rate Schedule E).

### Kansas

Under [H.B. 2570](#) enacted in 2024, the wage base is set at \$14,000 through 2025. Effective in 2026, the wage base will be based on a percentage of the statewide average annual wage.

Also under [H.B. 2570](#), and starting in 2025, the SUI rate schedules were revised to include a 0% rate group for employers with the highest positive rating and SUI tax rates will be lowered for all positive-rated employers. Also starting in 2025, the SUI rate for new employers were lowered from 6% to 5.55% for construction industry employers, and from 2.7% to 1.75% for all other employers.

Starting in 2026, changes will also be made to the solvency and credit rate adjustments in conformity with the adjustments to the SUI wage base.





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# State unemployment insurance wage bases and tax rates for 2025

*Continued*

## **Kentucky**

The taxable wage base is expected to continue to increase by \$300 each calendar year until it reaches \$12,000.

New Kentucky construction employers are assigned the highest rate in the rate chart in effect for the calendar year. (Kentucky Unemployment Insurance Employer Guide, [p. 25.](#))

## **Maine**

The Unemployment Program Administrative Fund (UPAF) was created in 2021 to ensure adequate funding for the state's UI program ([2019 Chapter 616](#)). This surcharge is not credited to employer accounts as SUI taxes and should not be used when calculating federal unemployment (FUTA) liability.

## **Michigan**

The law provides for a reduced taxable wage base of \$9,000 if the Trust Fund balance reaches or exceeds \$2.5 billion for two consecutive quarters; otherwise, the wage base is \$9,500. ([Michigan taxable wage base.](#))

To qualify for the lower wage base of \$9,000, individual employers are required to be in 'good standing' which means they have filed all SUI quarterly tax reports and there are no missing reports or estimated reports. Also, an employer's unpaid SUI tax contribution (including tax, penalty or interest) cannot exceed \$25.

In February 2025, delinquent employers were sent Form 6354, Notice of \$9500 Taxable Wage Base to remind them to file any missing report and/or pay any outstanding balance. Delinquent employers had 14 days to fix outstanding issues with their account to qualify for the wage base reduction. ([Michigan Employer Advisor, December 2024.](#))

## **Minnesota**

Per Minnesota law, the base tax rate and whether an additional assessment will be in effect, for any year is determined by the balance in the UI Trust Fund on March 31 of the previous year.

## **Missouri**

Effective January 1, 2023, [H.B. 2168](#) requires employers with an unemployment contribution rate greater than zero to pay an annual unemployment automation adjustment surcharge of 0.02% of its total taxable wages for the 12 month period ending the preceding June 30. The automation adjustment is used to modernize the state's unemployment automated systems and improve the program. The Division of Employment Security is authorized to reduce the percentage to ensure that the total amount collected annually does not exceed \$5 million.

Each employer liable to pay an automation adjustment will be

notified of the amount due by March 31 of each year. For the first quarter of each calendar year, the total contribution amount due will be reduced by the dollar amount of the unemployment automation adjustment, however, the first contribution amount may not be reduced to zero. [See new section 288.133.].

This surcharge is not credited to employer accounts as SUI taxes and should not be used when calculating federal unemployment (FUTA) liability.

## **Nebraska**

2019 legislation ([LB 428](#)) increased the SUI taxable wage base to \$24,000 for employers assigned the maximum rate. This change was effective for calendar year 2020. The taxable wage base remains \$9,000 for all other employers.

Nebraska Governor Jim Pillen signed into law [LB 1393 \(2024\)](#) which lowers the state unemployment insurance (SUI) tax rates for years 2025 through 2029 by lowering the average tax rate by 5%. The average tax rate is used in determining the individual SUI tax rates assigned to employers.

## **New Mexico**

Per [NMSA §51-1-11](#), the minimum tax rate is set at 0.33% and is not to exceed 5.4%. If the contribution rate calculates at lower than 0.33%, it will be adjusted to 0.33%. If the rate calculates at higher than 5.4%, the contribution rate will be adjusted to 5.4%. Per HB 283, as of July 1, 2016, the contribution rate is the benefit ratio multiplied by the reserve factor, multiplied by 100, multiplied by the employer's experience history factor. (2025 employer SUI rate notice.)

## **New York**

The taxable wage base will continue to increase as follows: 2022–\$12,000; 2023–\$12,300; 2024–\$12,500; 2025–\$12,800; 2026–\$13,000; for each year thereafter, computed as 16% of the state's average annual wage.

## **Oklahoma**

Oklahoma law requires that if the state UI trust fund balance falls to less than \$25 million, employers will be assessed a quarterly fund-building surcharge as great as 33.3%.

The diversion of 5% of employers' tax rates for the OESC Technology Reinvestment Assessment was reinstated effective 1-1-2023 and through 12-30-27 under [HB 2456](#).

## **Oregon**

HB [3389](#), enacted in 2021, requires that SUI tax rates for calendar years 2022 through 2024 be computed using the same employer experience that was used to determine the SUI tax for calendar year

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2020, the period before the COVID-19 emergency began.

HB 3389 also extends the lookback period used to determine the UI trust fund solvency level from 10 years to 20 years, provides that calendar years 2020 and 2021 will be omitted from the lookback period, and makes other changes designed to permanently lower the UI trust fund balance, statewide tax schedule, and employer SUI tax rates.

Because of HB 3389, the 2020 experience factor was used in the 2024 SUI tax rate calculation.

#### ***Puerto Rico***

2017 legislation grants the territory's Secretary of Labor the discretion to increase the taxable wage base to as much as \$10,500 if deemed necessary.

#### ***Rhode Island***

Negative-balanced employers assigned the maximum tax rate will have a taxable wage base that is \$1,500 higher than other employers (e.g., for 2025, \$29,200 versus \$31,300 for negative-balanced employers

#### ***Tennessee***

Under Tennessee UI law, if the UI trust fund balance on December 31 of any year is less than \$900 million, the taxable wage base is \$9,000. If the trust fund balance is above \$900 million, but less than \$1 billion on December 31, the taxable wage base is \$8,000. If the trust fund balance is over \$1 billion on December 31, the taxable wage base is \$7,000.

#### ***Vermont***

2021 legislation ([SB 62/Act 51](#)) lessened the impact that COVID-19 UI benefits had on the fiscal year 2022 SUI tax rates by disregarding all UI benefits from calendar year 2020 when the individual SUI tax rates were calculated. The law further requires that calendar year 2021 UI benefits under certain COVID-19-related circumstances will not be used in calculating tax rates for fiscal year 2023 and later.

#### ***Virginia***

Effective January 1, 2025, base tax rates are reduced by 05% percent and a special administrative fee of 0.05% is assessed. The administrative fee is necessary for the proper and efficient administration of the Virginia Unemployment Compensation Act and is not included as certified SUI contributions on the federal Form 940. ([§60.2-117](#) Code of Virginia; Appropriation Act, [Item 356 K.1](#), Special Session 1, 2024.)

#### ***Washington***

[SB 5061](#)(2021) suspends the assessment of a solvency surcharge of 0.2% for tax years 2021-2025. The surcharge is assessed when

the balance of the state UI trust fund as of the September 30 preceding the tax year is not sufficient to pay seven months of UI benefits.

The changes in computing employer SUI tax rates were projected to prevent a cost increase to employers of over \$921 million for 2021 and \$1.7 billion overall from 2021 through 2025.

#### ***West Virginia***

Under [SB 841](#)(2024) and effective July 1, 2024, the SUI taxable wage base is set at \$9,500. Under prior law, the SUI wage base was lowered to \$9,000 if the unemployment trust fund was at least \$220 million on February 15 of any year; provided however, the taxable wage base was increased or decreased by the same percentage that the state's average weekly wage increased or decreased. If the federal taxable wage base was increased above the West Virginia limit, the West Virginia taxable wage base would be increased by an equal amount. ([W. Va. Code § 21A-1A-28](#); [Code of State Rules § 83-1-7 .1](#); [SB 246](#) passed in 2009.)

SB 841 also removes the requirement that the maximum weekly unemployment benefit be adjusted for inflation. Instead, the maximum weekly benefit is frozen at the amounts specified in SB 841.

#### ***Wyoming***

Under [SF 0059](#) (2024) and [SF 0058](#) (2024) and effective January 1, 2025, the adjustment factor assessed for noncharged and ineffectively charged UI benefits is revised. Of this adjustment, the Unemployment Compensation Fund receives 20% of the total revenue (down from 60%), the Employment Support Fund receives 60% (up from 40%) and the Workforce Development Training Fund, which did not receive any allocation from, receives 20% of the total revenue distribution. ([Workforce Services news release](#), 3-13-2024.)

# 2025 state disability and paid family leave insurance wage bases and rates

Six jurisdictions (California, Hawaii, New Jersey, New York, Puerto Rico and Rhode Island) operate state disability insurance (SDI) programs. Another 16 jurisdictions (California, Connecticut, Colorado, Delaware, District of Columbia, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, Oregon, Rhode Island, Vermont and Washington) now have, or soon will have, paid family and medical leave (PFML) insurance programs. Washington is currently the only jurisdiction with a long-term care (LTC) insurance program.

Depending on the jurisdiction, the employee may pay all contributions to the SDI, PFML or LTC program through wage withholding, or the employer and the employee may share the cost of the insurance coverage. Most states allow employers to use a private insurance company or self-insured plan in lieu of paying into the state insurance fund(s).

In January 2025, the IRS issued guidance in [Revenue Ruling 2025-4](#) that explains that federal tax and reporting requirements for contribution made to, and benefits from, state paid family and medical leave insurance programs. For our analysis of this guidance, see EY Tax Alert [2025-0297](#).

The following chart shows the state SDI, PFML and LTC rates and taxable wage limits for 2025 based on information currently available.

## State disability and paid family and medical leave insurance

*Tax year 2025 (as of January 25, 2025)*

State/jurisdiction	Employee contribution as a % of taxable wages	Employer contribution as a % of taxable wages	Taxable wage limit*
<b>California</b>			
<a href="#">Disability</a>	1.2%	None	None
<a href="#">Paid family medical leave insurance</a>	Included in disability contribution	N/A	Included in disability contribution
<b>Connecticut</b>			
<a href="#">Paid family medical leave insurance</a>	0.5%	None	\$176,100 (2025 Social Security wage limit)
<b>Colorado</b>			
<a href="#">Paid family medical leave insurance</a>	50% of 0.9% (if employer has 10 or more employees; if fewer than 10 employees, employees pay 100%)	50% of 0.9% if employer has 10 or more employees; if fewer than 10 employees, employers pay 0%	\$176,100 (2025 Social Security wage limit)
<b>Delaware</b>			
<a href="#">Paid family medical leave insurance</a>	Employers may deduct 50% of employer contribution	Medical: 0.4%; family leave: 0.08%; parental leave: 0.32% (employers with 10 to 24 employees are subject only to parental leave and employers with nine or fewer employees are completely exempt)	\$176,100 (2025 Social Security wage limit)
<a href="#">Contributions start in 2025</a>			



State/jurisdiction	Employee contribution as a % of taxable wages	Employer contribution as a % of taxable wages	Taxable wage limit*
<b>District of Columbia</b>			
Paid family medical leave insurance	None	0.75% December 31, 2025	None, payroll tax is on total wages
<b>Hawaii</b>			
Disability	50% of cost but not more than 0.5% of covered weekly wages up to a maximum weekly contribution of \$7.21	Difference between cost and employee's contribution	\$1,441.72 (weekly)
<b>Maine</b>			
Paid family medical leave insurance	50% of 1.0% (0.5% if employer has fewer than 15 employees)	50% of 1.0% (0% if fewer than 15 employees)	\$176,100 (2025 Social Security wage limit)
Contributions start January 1, 2025			
<b>Maryland</b>			
Paid family medical leave insurance	0.45%	50% of 0.9% (0% if fewer than 15 employees)	\$176,100 (2025 Social Security wage limit)
Contributions start July 1, 2025			
<b>Massachusetts</b>			
Paid family medical leave insurance	Family is 0.18% Medical is 0.28%	25 or more employees: medical is 42%, family is 0%  Fewer than 25 employees: none	\$176,100 (2025 Social Security wage limit)
<b>Minnesota</b>			
Paid family medical leave insurance	Employees may be required to pay up to 50% of the following: 0.7% for both family and medical leave benefits, 0.4% for medical leave benefits only and 0.3% for family leave benefits	Employers must pay 50% of the following: 0.7% for both family and medical leave benefits, 0.4% for medical leave benefits only and 0.3% for family leave benefits	Social Security wage limit (a lower wage base applies to employers with fewer than 30 employees with the lowest premium available to those with one to nine employees)
Contributions start January 1, 2026			

# 2025 state disability and paid family leave insurance wage bases and rates

Continued

State/jurisdiction	Employee contribution as a % of taxable wages	Employer contribution as a % of taxable wages	Taxable wage limit*
<b>New Hampshire</b>			
Paid family medical leave insurance	Employees may opt into the state's Granite State Paid Family Leave Fund (FMLI)	Employers that choose to participate in the FMLI program will be entitled to a tax credit, allowed against FMLI premiums due, of 50% of the premium that the employer paid for FMLI coverage for the tax period at issue	N/A
<b>New Jersey</b>			
Disability	0.23%	New employers pay 0.5% of taxable wages if in state plan; otherwise, experience rating applies; for other employers, experience rates range from 0.1% to 0.75%	\$42,300 for employers and \$165,400 for employees
Paid family medical leave insurance	0.33%	None	\$165,400
<b>New York</b>			
Disability	0.5% up to: \$0.14 daily \$0.60 weekly \$1.20 biweekly \$1.30 semi-monthly \$2.60 monthly	Balance of costs over employee contributions necessary to provide benefits	N/A
Paid family medical leave insurance	0.388% (maximum of \$354.53 per year)	None	N/A
<b>Oregon</b>			
Paid family medical leave insurance	60% of 1.0% if employer has 25 or more employees; otherwise, employee pays 100%	40% of 1.0% if employer has 25 or more employee; otherwise, employer pays 0%	\$176,100 (2025 Social Security wage limit)
<b>Puerto Rico</b>			
Disability	0.3%	0.3%	\$9,000

State/jurisdiction	Employee contribution as a % of taxable wages	Employer contribution as a % of taxable wages	Taxable wage limit*
Rhode Island			
Disability	1.3%	None	\$89,200 (maximum contribution of \$1,159.60)
Paid family medical leave insurance	Included in disability contribution	N/A	Included in disability contribution
Vermont			
Paid family medical leave insurance	Participation is voluntary through <a href="#">The Hartford</a>		N/A
Washington			
Paid family medical leave insurance	71.52% of 0.92% if employer has more than 50 employees; otherwise, 100%	28.48% of 0.92% if employer has 50 or more employees; otherwise, 0%	\$176,100 (Social Security wage limit)
Long-term care insurance	0.58% of gross wages (employees can opt out if certain conditions are met)	None	None

Footnotes:

\* Represents maximum annual earnings unless another period is specified. If no taxable wage base is specified, the tax applies to all covered wages.



# Federal income tax withholding for 2025

The IRS released the [2025 Publication 15-T, Federal Income Tax Withholding Methods](#).

Publication 15-T is designed to work with the [Form W-4](#) which was significantly modified in 2020 to conform to changes under the Tax Cuts and Jobs Act – in particular, the elimination of personal allowances through 2025.

Not all employees are required to submit a 2025 Form W-4, only newly hired employees who first receive wages in 2025, employees who claimed exemption from withholding in 2024 and employees who wish to change their Form W-4 in 2025. Therefore, some employees will continue to have a Form W-4 on file that was submitted in 2019 or earlier years. Publication 15-T is designed to work with Forms W-4 submitted before and after January 1, 2020.

As explained in Publication 15-T, for 2020 and later years, there are two tables used to compute federal income tax withholding:

- **Percentage Method Tables.**  
This table is used if the employee's Form W-4 is from 2019 or earlier.
- **Standard Withholding Rate Schedule.**  
These tables are used for Forms W-4 from 2020 or later years.

The 2025 annual percentage withholding tables for automated payroll systems are partially reproduced at right.

**Table 1: 2025 Percentage Method Tables for Automated Payroll Systems (Standard Withholding Rate Schedules)**

If the Adjusted Annual Wage Amount (line 1d) is		The tentative amount to withhold is ...	Plus this percentage ...	of the amount that the Adjusted Annual Wage exceeds ...
At least ...	But less than ...			
A	B	C	D	E
<b>Married filing jointly</b>				
\$ 0	\$ 17,100	\$ 0.00	0%	\$ 0
\$ 17,100	\$ 40,950	\$ 0.00	10%	\$ 17,100
\$ 40,950	\$ 114,050	\$ 2,385.00	12%	\$ 40,950
\$ 114,050	\$ 223,800	\$ 11,157.00	22%	\$ 114,050
\$ 223,800	\$ 411,700	\$ 35,302.00	24%	\$ 223,800
\$ 411,700	\$ 518,150	\$ 80,398.00	32%	\$ 411,700
\$ 518,150	\$ 768,700	\$ 114,462.00	35%	\$ 518,150
\$ 768,700		\$ 202,154.50	37%	\$ 768,700
<b>Single or married filing separately</b>				
\$ 0	\$ 6,400	\$ 0.00	0%	\$ 0
\$ 6,400	\$ 18,325	\$ 0.00	10%	\$ 6,400
\$ 18,325	\$ 54,875	\$ 1,192.50	12%	\$ 18,325
\$ 54,875	\$ 109,750	\$ 5,578.50	22%	\$ 54,875
\$ 109,750	\$ 203,700	\$ 17,651.00	24%	\$ 109,750
\$ 203,700	\$ 256,925	\$ 40,199.00	32%	\$ 203,700
\$ 256,925	\$ 632,750	\$ 57,231.00	35%	\$ 256,925
\$ 632,750		\$ 188,769.75	37%	\$ 632,750
<b>Head of household</b>				
\$ 0	\$ 13,900	\$ 0.00	0%	\$ 0
\$ 13,900	\$ 30,900	\$ 0.00	10%	\$ 13,900
\$ 30,900	\$ 78,750	\$ 1,700.00	12%	\$ 30,900
\$ 78,750	\$ 117,250	\$ 7,442.00	22%	\$ 78,750
\$ 117,250	\$ 211,200	\$ 15,912.00	24%	\$ 117,250
\$ 211,200	\$ 264,400	\$ 38,460.00	32%	\$ 211,200
\$ 264,400	\$ 640,250	\$ 55,484.00	35%	\$ 264,400
\$ 640,250		\$ 187,031.50	37%	\$ 640,250



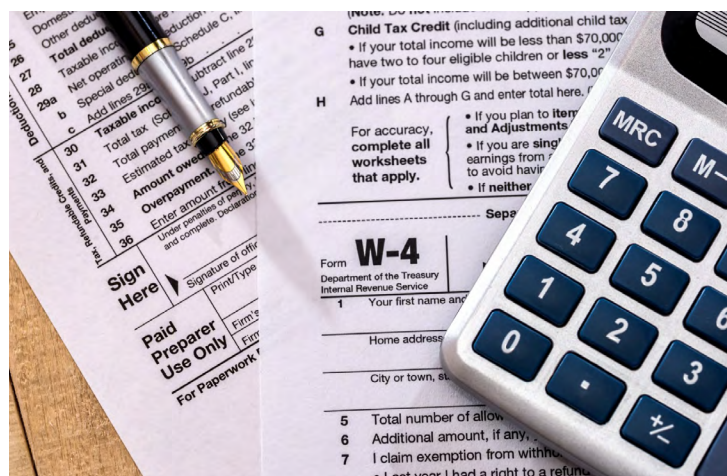
## Personal allowance value is \$4,300 when figuring income tax for Forms W-4 from 2019 or earlier years

When computing federal income tax withholding using the percentage method for automated payroll systems for employees who have not submitted a Form W-4 after 2019, the adjusted annual wage amount continues to consider personal allowances. For 2025, multiply each personal allowance claimed on the employee's Form W-4 by \$4,300. (Publication 15-T, [page 62](#).)

## What to do if employee has no Form W-4 on file

The assumptions that apply when an employee fails to furnish a Form W-4 to the employer vary depending on when the failure first occurred. (*Publication 15-T*, [page 3](#).)

- If you first paid wages to an employee in 2025, including an employee who was rehired in 2025, and the employee fails to furnish a Form W-4, assume the employee checked on Form W-4 the box for Single or Married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the 2025 Form W-4.
- If you first paid wages to an employee prior to 2020, assume the employee claimed single with no allowances on a Form W-4 for 2019 or earlier years.



## Claiming exemption from federal income tax withholding

There is no dedicated area where an employee can claim exemption from federal income tax withholding. Instead, employees claim exemption by writing "Exempt" on Form W-4 in the space below Step 4(c). As in the past, when the employee claims exempt in Step 4(c), federal income tax is not withheld from wages apart from supplemental wages of more than \$1 million, where federal income tax is mandatory. (Publication 15-T, [page 3](#).)

The IRS instructs that electronic Form W-4 systems should provide a certification section below Step 4(c) for employees who are eligible and want to claim exemption from withholding. Instead of writing "Exempt," employees certify that they meet the following two conditions: (1) they had no federal income tax liability in 2024, and (2) they expect to have no federal income tax liability in 2025.

## Nonresident alien employee Forms W-4

When completing the Form W-4, nonresident aliens are required to:

- ▶ Not claim exemption from federal income tax withholding
- ▶ Request withholding as if they're single, regardless of their actual filing status
- ▶ Not claim the child tax credit or credit for other dependents in Step 3 of Form W-4. Note, however, that nonresident aliens who are residents of Canada, Mexico or South Korea, or a student from India, or a business apprentice from India, may claim, under certain circumstances (see [Notice 1392](#)), the child tax credit or credit for other dependents).
- ▶ Write "Nonresident Alien" or "NRA" in the space below Step 4(c) of Form W-4.

The IRS has clarified that electronic Form W-4 systems should provide a field for nonresident aliens to enter nonresident alien status instead of writing "Nonresident Alien" or "NRA" in the space below Step 4(c) of Form W-4. Employers should instruct nonresident aliens to see [Notice 1392](#), Supplemental Form W-4 Instructions for Nonresident Aliens, before completing Form W-4. (Publication 15, [pg. 26](#).)

# Federal income tax withholding for 2025

Continued



## Nonresident alien employee income tax withholding adjustment for 2025

Add these amounts to employees' wages for calculating income tax withholding. Nonresident alien students and business apprentices from India aren't subject to this procedure. (Publication 15-T, [pg. 5-6.](#))

Table 1: No Form W-4 for 2020 or later on file	
Payroll period	Add additional
Daily or miscellaneous	\$ 41.20
Weekly	\$ 205.80
Biweekly	\$ 411.50
Semimonthly	\$ 455.80
Monthly	\$ 891.70
Quarterly	\$ 2,675.00
Semiannually	\$ 5,350.00
Annually	\$ 10,700.00

Table 2: Form W-4 for 2020 or later is on file	
Payroll period	Add additional
Daily or miscellaneous	\$ 57.70
Weekly	\$ 288.50
Biweekly	\$ 576.90
Semimonthly	\$ 625.00
Monthly	\$ 1,250.00
Quarterly	\$ 3,750.00
Semiannually	\$ 7,500.00
Annually	\$ 15,000.00

## Backup withholding rate

Effective with payments made on and after January 1, 2018, the backup withholding rate is 24%. Backup withholding is required from certain taxable nonwage payments if payees fail to furnish their taxpayer identification numbers to the payer.



# State income tax withholding tables, supplemental withholding rates and highest withholding tax rates for 2025

To assist you in reviewing your state and US territory income tax withholding rates for 2025, the chart beginning on the following page contains hyperlinks to the most recent income tax withholding formulas/tables published by the states and US territories, information concerning their respective highest income tax withholding rates (based on their percentage method of withholding) or flat tax withholding rates, and their supplemental withholding rates, if applicable.

## Supplemental withholding rate

Like the federal supplemental income tax withholding rate, some jurisdictions with a graduated income tax also allow for an optional flat percentage of income tax withholding for wages that are in addition to regular pay. Where allowed, the supplemental rate greatly simplifies income tax withholding calculations on irregular payments such as bonuses, nonqualified deferred compensation, equity compensation and separation pay.

For federal purposes, employers may opt to use a flat tax rate of 22% on supplemental wages up to \$1 million for the year; however, a mandatory flat tax rate of 37% applies to supplemental wages over \$1 million. Note that the flat 37% rate applies even if an employee has submitted a federal Form W-4 claiming exemption from federal income tax withholding. ([Treas. Reg. Section 31.3402\(g\)-1](#); see IRS [Publication 15-T](#) for the 2025 federal income tax withholding tables.)

## State legislative landscape

Last year, legislation was adopted that retroactively changed personal income tax rates in several states. Early indications show that this trend is likely to continue in 2025.

Updates will be made to publication throughout the year. You can find this and other of our special reports [here](#).



# State income tax withholding tables, supplemental withholding rates and highest withholding tax rates for 2025

Continued

## State income tax withholding tables, supplemental, flat tax and highest marginal withholding tax rates for 2025 (survey\*\* results as of December 25 )

Click on the jurisdiction names below to view the latest income tax withholding tables/formulas and instructions.

Changes from 2024 are highlighted in yellow.

Turquoise highlighting indicates that 2025 withholding tables/formula are anticipated but not yet available. Information shown is from the tables/formula currently available on the jurisdiction's website.

Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
<a href="#">Alabama*</a>	8-1-24	5.0%	N/A	5.0%
<a href="#">American Samoa</a>	1-1-07	N/A	N/A	39.6%
<a href="#">Arizona</a>	1-1-23	N/A	2.5%	N/A
<a href="#">Arkansas*</a>	1-1-25	3.9%	N/A	3.9%
<a href="#">California*</a>	1-1-25	6.60% and 10.23% on bonus and stock options	N/A	14.63%
<a href="#">Colorado</a>	1-1-25 (Note that <a href="#">DR 1098 (1-1-25)</a> is used by employers to compute income tax withholding)	N/A	4.4%	N/A
<a href="#">Connecticut*</a>	1-1-25	N/A	N/A	6.99%
<a href="#">Delaware</a>	1-1-14	5.0% is recommended for deferred compensation payments	N/A	6.60%



Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
District of Columbia	1-1-18	N/A	N/A	10.75% (Effective 1-1-22, the highest income tax rate is 10.75% under D.C. Act 24-178; however, the last update to the withholding tables was in 2018 with the highest withholding rate shown at 8.95%. Employers are encouraged to use the new rate table that went into effect 1-1-22)
Georgia	6-1-25	N/A	5.19% (Under H.B. 1015 (2024) the tax rate for 2025 is 5.29%. Under H.B. 111(2025), the tax rate is 5.19% retroactive to 1-1-25)	N/A
Hawaii	1-1-25	N/A	N/A	7.9% (H.B. 2404 increases the standard deduction every two years through 2031 and raises the income tax limits that apply to income tax brackets in 2025, 2027 and 2029) (The top individual tax rate is 11%.)
Idaho	4-28-25	N/A	5.3% (H.B. 40 lowers the income tax rate to 5.3% retroactive to 1-1-25)	N/A
Illinois	1-1-25	N/A	4.95%	N/A
Indiana	10-1-25 (For the county income tax rates effective 1-1-2025, go <a href="#">here</a> )	N/A	3.00% plus local income tax rate (S.B. 451, enacted in 2025, sets the tax rate at 2.9% for 2026 through 2030)	N/A

# State income tax withholding tables, supplemental withholding rates and highest withholding tax rates for 2025

Continued

Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
Iowa*	1-1-25	6.0% (3.8% may be used) (The Iowa Administrative Code has not yet been updated to reflect the reduced income tax rates under House File 2317. In an email to EY, the Iowa Department of Revenue said it will accept the supplemental rate of 3.8% effective 1-1-2025 according to the statute under HF 2317.)	3.8% (HF 2317, enacted in 2024, implements a flat tax income tax rate of 3.8% effective 1-1-25)	N/A
Kansas*	7-1-24	5.0%	N/A	5.58% (S.B. 269, enacted in 2025, gradually lowers the 5.2% rate and the 5.58% rate until they reach 4.0%.)
Kentucky	1-1-25	N/A	4.0% (H.B. 1 enacted in 2025 lowers the tax rate to 3.5% effective January 1, 2026)	N/A
Louisiana*	1-1-25	N/A	3.09% (Effective 1-1-25, H.B. 10 replaces the previous graduated tax rate system with a flat tax of 3% for all filers. The standard deduction is also increased and will be indexed for inflation starting in 2026)	N/A
Maine*	1-1-25	5.0%	N/A	7.15%
Maryland*	7-1-25	6.5% plus the applicable local tax rate (the highest local tax rate is 3.3%)	N/A	6.5% plus local tax shown in the local tax table. (Maryland Tax Facts)
Massachusetts	1-1-25	N/A	5.0% + 4% surtax on wages over \$1,083,150	9.0%
Michigan*	1-1-24	N/A	4.25%	N/A

Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
Minnesota*	1-1-25	6.25%	N/A	9.85%
Mississippi	1-1-25	N/A	4.4% (HB 531 moved the state to a flat tax, effective 1-1-23. The flat tax is lowered to 4.7% in 2024, 4.4% in 2026)	N/A
Missouri*	1-1-25	4.7%	N/A	4.7% (Governor Michael L. Parson announced that effective January 1, 2025, the top personal income tax rate will be lowered from 4.8% to 4.7%. This decrease is the result of legislation enacted in 2022 under SB 3 and SB 5, which allow for a potential decrease of 0.1% for each year that revenue goals are met until the top tax rate reaches 4.5%.)
Montana*	1-1-25	5.0%	N/A	5.9%
Nebraska*	1-1-25	5.0%	N/A	5.37% (Under LB 754, the top individual income tax rate is lowered from 6.84% to 5.84% for tax year 2024, 5.2% for 2025, 4.55% for 2026 and 3.99% for 2027 and subsequent years. Note that the withholding rate for 2025 is 5.37%, higher than the tax rate set by law of 5%.)
New Jersey	10-1-20	N/A	N/A	11.80%
New Mexico*	1-1-24	5.90%	N/A	5.90%
New York*	1-1-23	11.70% (New York City is 4.25%, Yonkers resident is 1.95975%, Yonkers nonresident is 0.50%)	N/A	11.70%

# State income tax withholding tables, supplemental withholding rates and highest withholding tax rates for 2025

Continued

Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
North Carolina*	1-1-25	4.35%	4.25% (Under HB 259, enacted in 2023, the personal income tax rate is gradually reduced starting in 2024 until it reaches 3.99% in 2026.	N/A
North Dakota*	1-1-25	1.5%	N/A	2.5%
Ohio*	10-1-25 School district tax effective 1-1-25	3.5%	N/A	3.640% (The highest income tax rate effective 1-1-25 is 3.125% under H.B. 96)
Oklahoma*	1-1-25	4.75%	N/A	4.75%
Oregon*	1-1-25	8.0%	N/A	9.90%
Pennsylvania	1-1-23	N/A	3.07% plus local taxes	N/A
Puerto Rico	1-1-17	N/A	N/A	33%
Rhode Island*	1-1-25	5.99%	N/A	5.99%
South Carolina	1-1-25	N/A	N/A	6.2% (Under H. 4025, the top tax rate is lowered to 6.0% retroactive to 1-1-25. The 2025 withholding formula is not updated)
Utah	6-1-25	N/A	4.5% (H.B. 106 lowers the tax rate to 4.5% retroactive to 1-1-25.)	N/A
Vermont*	1-1-25	30% of federal income tax withholding (6% for payments under a nonqualified deferred compensation plan)	N/A	8.75% (The increase in the standard deduction will sunset after 2026 and revert to the standard deduction amounts: \$3,000 for single filers and \$6,000 for married couples filing jointly)
Virginia*	7-1-25	5.75%	N/A	5.75%
West Virginia*	1-1-25	Use the annual table to compute the withholding rate	N/A	4.82% (SB 2033 reduced the income tax rate by an additional 2% effective 1-1-25. Future rate reductions apply if revenue goals are met)



Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
Wisconsin*	6-1-24	Under \$12,760 ..... 3.54% \$12,760.01-\$25,520.... 4.65% \$25,520.01-\$280,950.. 5.30% Over \$280,950 ..... 7.65%	N/A	7.65%  (Retroactive to 1-1-25, <b>Act 15</b> expands the second-lowest tax rate of 4.4% to single filers earning up to \$50,480 and married couples filing jointly up to \$67,300. The 2025 withholding formula is not revised)

## Legend

\* See notes below.

\*\* Much of the information in this survey was obtained through review of state revenue/workforce department administrative guides or informational telephone or email surveys with state governmental agencies. Although state administrative guides and telephone and email surveys are useful in determining how government departments currently treat an issue, answers and positions derived from such sources are not binding upon the state, cannot be cited as precedent and may change over time, and hence cannot be relied upon.

<sup>1</sup> You can find updates to the 2025 state income tax withholding rates in our 2025 employment tax rates and limits report, available in January 2025, and updated throughout the year. You can find the report, once available, [here](#).

<sup>2</sup> The highest personal income tax rate may not always be the same as the highest withholding rate (e.g., Hawaii, Louisiana, Nebraska and Ohio).

Note also that legislation enacting a retroactive change in the personal income tax rates may not always be immediately reflected in the withholding rates (e.g., District of Columbia in 2022).

There were many states that enacted retroactive changes to their personal income tax rates in 2024 (see our [2024 employment tax rates and limits report](#)), and early indications are that this trend will continue into 2025. When the personal income tax rates and the withholding rates differ, employees should be informed that their withholding may not reflect the most current personal income tax rates and that employers are generally required to follow the state's administrative guidance concerning withholding formula and instructions.

## Alabama

The supplemental withholding rate is 5%. (*Withholding Tax Tables and Instructions for Employers and Withholding Agents*, p. 3.)

## Arkansas

If bonuses, commissions, or overtime wages are paid at the same time as

regular wages, the income tax withheld is determined by deducting 3.9% of the bonus or commission for state income tax. (Arkansas Withholding Tax Employer's Instructions, p.4.)

## California

The supplemental withholding rate is 10.23% on bonuses and stock options and 6.6% on other types of compensation (e.g., overtime pay, commissions, sales awards and vacation pay). (2024 California Employer's Guide, p. 15.)

## Connecticut

There is no supplemental rate of withholding. (Connecticut Employer's Tax Guide, p. 12.)

## Iowa

The supplemental rate of withholding under the Administrative Code is 6%; however, the Idaho Department of Revenue told EY that it will accept the highest withholding rate under statute as the supplemental rate. ([Iowa Withholding Tax Information](#); [Iowa Administrative Code 701-307.2\(3\)](#).)

## Kansas

The supplemental rate of withholding is 5%. (Kansas Withholding Tax Guide, p.8.)

## Louisiana

The Louisiana Department of Revenue explains that the withholding rate of 3.09% is higher than the state income tax rate of 3.0% because a 0.09% additional withholding was added as a "cushion" to avoid the situation where an individual has non-wage income with no withholdings remitted. Prior to 2022, the withholding tables included a similar cushion based on estimates of the FTI deduction. Between 2022-2024, no cushion existed and the formula provided exact withholding. Taxpayers went from receiving a refund to having a balance due for the first time ever. We're hoping to prevent that going forward. (EY Communication with the Louisiana Department of Revenue, 1-9-2025.)

## Maine

The supplemental rate of withholding is 5%. (Maine Withholding Tables for Individual Income Tax, p.4.)

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# State income tax withholding tables, supplemental, flat tax and highest marginal withholding tax rates for 2025

*Continued*

## **Maryland**

Under [SB 133](#) (2022), each county is authorized to set by ordinance or resolution, a county income tax rate equal to at least 2.25% and to apply the county income tax on a bracket basis. A county that imposes the tax on a bracket basis: (1) must set, by ordinance or resolution, the income brackets that apply to each income tax rate; (2) may set income brackets that differ from the income brackets to which the state income tax applies; (3) may not set a minimum income tax rate less than 2.25% of an individual's Maryland taxable income; and (4) may not apply an income tax rate to a higher income bracket that is less than the income tax rate applied to a lower income bracket.

## **Minnesota**

The supplemental rate of withholding is 6.25%. (Minnesota Income Tax Withholding, Supplemental Payments. [p. 7.](#))

## **Missouri**

The supplemental rate of withholding is 4.7%. (2025 Missouri Employer's Tax Guide, [p. 5.](#))

## **Montana**

The supplemental rate of withholding is 5%. (Withholding Tax Guide with Montana Withholding Tax Tables, [p.3.](#))

## **Nebraska**

The supplemental withholding rate is 5%. (2025 Nebraska Circular EN, [p. 10.](#))

## **New Mexico**

The supplemental withholding rate is 5.9%. (FYI-104, New Mexico Withholding Tax, [p. 4.](#))

## **New Mexico**

If you pay supplemental wages (e.g., bonuses, commissions, overtime pay, sales awards) with regular wages but do not specify the amount of each, withhold income tax as if the total were a single payment for a regular payroll period. If you pay supplemental wages separately (or combine them in a single payment and specify the amount of each), the income tax withholding method depends partly on whether you withhold income tax from your employee's regular wages:

- If you withhold income tax from an employee's regular wages, you can use one of the following methods for the supplemental wages:
  - a) withhold at the New York State supplemental rate of 11.70% (.1170), or b) add the supplemental and regular wages for the most recent payroll period this year. Then figure the income tax withholding as if the total were a single payment. Subtract the tax already withheld from the regular wages. Withhold the remaining tax from the supplemental wages.
- If you do not withhold income tax from the employee's regular wages, use method b (New York State Withholding Tax Tables and Methods ([p.3](#)); Yonkers Withholding Tax Tables and Methods, ([p. 3](#)); New York City Withholding Tax Tables and Methods ([p.3](#))).

## **North Carolina**

The supplemental withholding rate is 4.35%. (North Carolina 2025 Income

Tax Withholding Tables and Instructions for Employers, [p. 10.](#))

## **North Dakota**

The supplemental withholding rate is 1.5%. (North Dakota Income Tax Withholding Rates & Instructions, [p. 54.](#))

## **Ohio**

The supplemental withholding rate is 3.5%. ([Ohio Administrative Code 5703-7-10](#), rev. 11-23-2018.)

## **Oklahoma**

The supplemental withholding rate is the highest withholding rate. ([Okla. Admin. Code § 710:90-1-6.](#))

## **Oregon**

The supplemental withholding rate is 8%. ([Oregon Withholding Tax Formulas](#), [p. 3.](#))

## **Rhode Island**

The supplemental withholding rate is 5.99%. (Rhode Island Employer's Income Tax Withholding Tables, [p. 8.](#))

## **Vermont**

The supplemental withholding rate is 30% of federal income tax withheld and 6% for payments under a nonqualified deferred compensation plan. (Vermont Income Tax Withholding Instructions, Tables and Charts, [p. 4.](#))

## **Virginia**

The supplemental withholding rate is 5.75%. (Virginia Income Tax Withholding Guide For Employers, [p. 20.](#))

## **West Virginia**

Instead of a single supplemental withholding rate, the WV withholding rate is determined by annual wages. See [link](#) for how to calculate West Virginia withholding for supplemental income under "To Calculate Supplemental Withholding."

## **Wisconsin**

A flat tax of withholding is allowed based on the range of the employee's annual gross salary. (Wisconsin Withholding Tax Guide, [p. 25](#))

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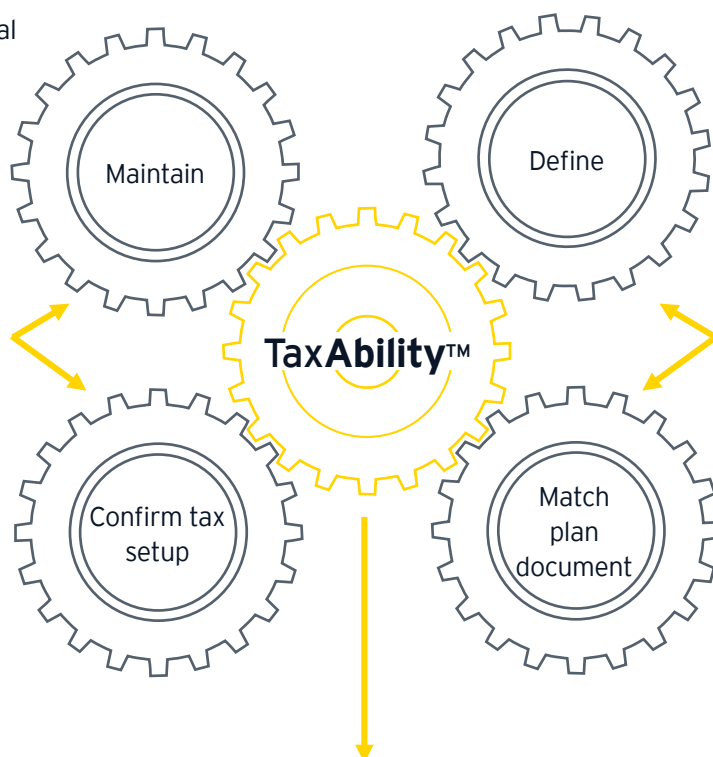
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