

# US employment tax rates and limits for 2024

February 25, 2024



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# Social Security wage base for 2024

The Social Security wage base will increase from \$160,200 to \$168,600 in 2024, higher than the \$167,700 high-cost and low-cost estimate published in the 2023 Annual Report of the Board of Trustees. (See [EY Tax Alert 2023-0651](#); [Social Security Administration Press Release](#).)

The Medicare tax rate for 2024 remains at 1.45% of all covered earnings for employers and employees. The Additional Medicare Tax of 0.9% applies to earned income of more than \$200,000 for single filers (additional thresholds apply to other filing status types). While employers are required to withhold the additional 0.9% on covered wages over \$200,000, there is no corresponding employer tax.

The annual adjustment to the Social Security wage limit is based on the increase in average wages. Some states and localities index annual adjustments to their minimum wage to increases to the Consumer Price Index (CPI). Because of current inflation, some jurisdictions have announced significant increases for 2024; for instance, the East Palo Alto, California, minimum wage will increase from \$16.50 to \$17.10, effective January 1, 2024. These higher minimum wage rates could contribute to a substantial increase to the Social Security wage base in 2025.

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

## Social Security, Medicare and disability insurance contributions (2023 compared with 2024)

Description	2023	2024	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	\$160,200.00	\$168,600.00	\$8,400.00
Maximum Social Security tax for employees	\$ 9,932.40	\$ 10,453.20	\$ 520.80
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 2024

The dollar limitations for retirement plans and certain other dollar limitations that become effective January 1, 2024, have been released by the IRS in [Notice 2023-75](#).

The dollar limitations adjusted by reference to IRC Section 415(d) are modified annually for inflation and, consequently, most of them are changed for 2024.

Of note, the 2024 pretax limit that applies to elective deferrals to IRC Section 401(k), 403(b) and 457(b) plans increased from \$22,500 to \$23,000. The dollar limitation for catch-up contributions for participants 50 or over remains at \$7,500.

Plan participants in these plans may wish to consider the impact of the dollar limitations for 2024 in their overall financial planning.

A summary of some of the cost-of-living adjustments for 2023 and 2024 is provided at right. Past year limits are also posted on the IRS website in a [historical table](#).

## Qualified retirement plan limitations (2023 compared with 2024)

Description	2023 limit	2024 limit
Participant pretax contribution limit for 401(k) and 403(b) plans IRC §402(g)(1)	\$22,500	\$23,000
Deferral limit for deferred compensation plans of state and local governments and tax-exempts IRC §457(e)(15)	\$22,500	\$23,000
Dollar limitation for catch-up contributions for participants age 50 or over in 401(k), 403(b), governmental 457 plans and Simplified Employee Pensions (SEPs) IRC §414(v)(2)(B)(i)	\$7,500	\$7,500
Dollar limitation for catch-up for contributions for participants age 50 or over in a SIMPLE* IRA or a SIMPLE 401(k) IRC §414(v)(2)(B)(ii) *(Savings Incentive Match Plan for Employees of Small Employers)	\$3,500	\$3,500
Defined benefit plan limit <sup>1</sup> IRC §415(b)(1)(A)	\$265,000	\$275,000
Defined contribution plan limit IRC §415(c)(1)(A)	\$66,000	\$69,000
Maximum ESOP account balance subject to a 5-year distribution period/ increments for additional year IRC §409(o)(1)(C)(ii)	\$1,330,000/ \$265,000	\$1,380,000/ \$275,000
Highly compensated employee dollar threshold IRC §Section 414(q)(1)(B)	\$150,000	\$155,000

Description	2023 limit	2024 limit
Definition of key employee in a top-heavy plan – officer compensation threshold IRC §416(i)(1)(A)(i)	\$215,000	\$220,000
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)	\$330,000	\$345,000
SEP employee participation floor IRC §408(k)(2)(C)	\$750	\$750
Simple retirement accounts contribution limit IRC §408(p)(2)(E)	\$15,500	\$16,000
Compensation amount of control employees for fringe benefit valuation purposes Treas. Reg. §1.61-21(f)(5)(i) and (iii)	\$130,000/\$265,000	\$135,000/\$275,000

#### Footnotes

<sup>1</sup> For a participant who separated from service before January 1, 2024, the participant's limitation under a defined benefit plan under IRC Section 415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 2023, by 1.0351.

<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 \$505,000 for 2024, up from \$490,000 in 2023.



# Health Savings Account limits for 2023 and 2024

## It's time to review 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 also raise payroll challenges because the rules governing each of these medical reimbursement account options (Flexible Spending Account (FSA), HRA, HSA and Medical Savings Account (MSA)) are unique in terms of their tax treatment and reporting.

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

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

In [Revenue Procedure 2023-23](#), the IRS announced the inflation adjustments that will apply to Health Savings Accounts (HSAs) under IRC §223 effective for calendar year 2024.

HSA limit type	2023	2024
<b>Contribution*</b>		
Self (IRC §223(b)(2)(A))	\$3,850	\$4,150
Family (IRC §223(b)(2)(B))	\$7,750	\$8,300
<b>Out-of-pocket</b>		
Self (IRC §223(c)(2)(A))	\$7,500	\$8,050
Family (IRC §223(c)(2)(A))	\$15,000	\$16,100
<b>Deductible (high-deductible health plan)</b>		
Self (IRC §223(c)(2)(A))	\$1,500	\$1,600
Family (IRC §223(c)(2)(A))	\$3,000	\$3,200

\* Additional contribution of \$1,000 is permitted for individuals age 55 and older. Those enrolled in Medicare are not eligible to participate. For plan years beginning in 2024, 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 \$2,100.

## 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. ([2024 Form W-2 instructions, page 11.](#))



# 2024 inflation adjustments for fringe benefits and Form W-2 penalties

In [Revenue Procedure 2023-34](#) the IRS announced the 2024 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 2024

Summarized below are the 2024 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 \$2,800 (up from \$2,650 in 2023) and not more than \$4,150 (up from \$3,950 in 2023)	Not less than \$5,550 (up from \$5,300 in 2023) and not more than \$8,350 (up from \$7,900 in 2023)
Annual out-of-pocket (other than for premiums)	Not to exceed \$5,550 (up from \$5,300 in 2023)	Not to exceed \$10,200 (up from \$9,650 in 2023)

## Adoption assistance limit goes up in 2024

The limit on qualified adoption assistance (including benefits provided for special needs children) under IRC Section 137 for 2024 is \$16,810, up from \$15,950 in 2023.

For 2024, the amount excludable from an employee's gross income begins to phase out under IRC Section 137(b)(2)(A) for taxpayers with modified adjusted gross income of more than \$252,150 and is completely phased out for taxpayers with modified adjusted gross income of \$292,150 or more.

## Health flexible spending arrangement (FSA) limit goes up in 2024

The 2024 annual limit on pretax contributions employees can make toward their health FSA through a cafeteria plan under IRC Section 125(i) is \$3,200, up from \$3,050 in 2023.

If the cafeteria plan permits the carryover of unused amounts, the maximum carryover amount is \$640, up from \$610 in 2023.

## Transportation fringe benefits (parking and transit) limit goes up in 2024

The 2024 monthly limit on parking benefits under IRC §132(f)(2)(B) is \$315, up from \$300 in 2023.

The 2024 aggregate monthly limit for transportation in a commuter highway vehicle and any transit pass under IRC §132(f)(2)(A) is also \$315, up from \$300 in 2023.



# 2024 inflation adjustments for fringe benefits and Form W-2 penalties

Continued

## Foreign earned income exclusion increases for 2024

For taxable years beginning in 2024, the foreign earned income exclusion amount under IRC § 911(b)(2)(D)(i) is \$126,500, up from \$120,000 in 2023.

## Reporting penalties for Forms W-2/1099 increase for tax year 2024

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 2024 (filed in 2025).

IRC Section 6721: Failure to timely file an accurate information return with IRS (for returns required to be filed in 2025)				
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 2025, 2/3)	30 days after required filing date (in 2025, 3/3)	\$60	\$664,500	\$232,500
31 days after deadline (in 2025, 3/3)	8/1	\$130	\$1,993,500	\$664,500
8/2		\$330	\$3,987,000	\$1,329,000
	Intentional disregard	\$660	No limit	No limit

IRC Section 6722: Failure to furnish correct payee statements (for statements required to be furnished in 2025)				
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 2025, 2/3)	30 days after required filing date (in 2025, 3/3)	\$60	\$664,500	\$232,500
31 days after deadline (in 2025, 3/3)	8/1	\$130	\$1,993,500	\$664,500
8/2		\$330	\$3,987,000	\$1,329,000
	Intentional disregard	\$660	No limit	No limit



# Federal mileage rates and luxury vehicle limit for 2024

Effective January 1, 2024, the business standard mileage rate for use of a car (including vans, pickup trucks and panel trucks) increases from \$0.655 to \$0.67, and the rate for medical and relocation mileage decreases from \$0.22 to \$0.21. Mileage related to charity is set by law and remains at \$0.14 per mile. (*Notice 2024-08; IRS Notice 2023-03.*)

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 2024

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 2024 increases from \$60,800 to \$62,000.

## Summary of mileage rates (2023 compared with 2024)

Type of mileage	Effective January 1, 2023	Effective January 1, 2024
Business standard	\$0.655	\$0.670
Charity	\$0.140	\$0.140
Relocation and medical	\$0.220	\$0.180



# Per diem rates under high-low substantiation method for 2024

In [Notice 2023-068](#), the IRS released the per diem reimbursement rates that will apply effective October 1, 2023 (or, optionally, January 1, 2024). There were also numerous changes to the areas that qualify as high cost.

Description	High-cost area	Low-cost area
Lodging, meals and incidentals	\$309 (was \$297)	\$214 (was \$202)
Meals and incidentals only	\$74 (no change)	\$64 (no change)
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 \$69 for any locality of travel in the continental United States (CONUS) and \$74 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, 2023)

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–Sept. 30)	City limits of Sedona
<b>California</b>	
Mill Valley/San Rafael/Novato (Oct. 1–Oct. 31 and June 1–Sept. 30)	Marin
Monterey (June 1–Aug. 31)	Monterey
Napa (Oct. 1–Sept. 30)	Napa
Oakland (Oct. 1–Sept. 30)	Alameda
San Diego (Oct. 1–Sept. 30)	San Diego
San Francisco (Oct. 1–Sept. 30)	San Francisco
San Luis Obispo (June 1–Aug. 31)	San Luis Obispo
San Mateo/Foster City/Belmont (Oct. 1–Sept. 30)	San Mateo
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

Key	County/other defined location
<b>Colorado</b>	
Denver/Aurora (Oct. 1–Oct. 31 and April 1–Sept. 30)	Denver, Adams, Arapahoe and Jefferson
Grand Lake (Dec. 1–March 31)	Grand
Silverthorne/Breckenridge (Oct. 1–March 31 and June 1–Sept. 30)	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–June 30 and Sept. 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 (Dec. 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 (Dec. 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
Pensacola (June 1–July 31)	Escambia
Punta Gorda (Feb. 1–March 31)	Charlotte
Sarasota (Feb. 1–April 30)	Sarasota
Sebring (Feb. 1–March 31)	Highlands
Stuart (Feb. 1–March 31)	Martin
Vero Beach (Dec. 1–April 30)	Indian River
Tampa/St. Petersburg (Jan. 1–April 30)	Pinellas and Hillsborough

# Per diem rates under high-low substantiation method for 2024

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>	
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 July 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 (Oct. 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 Mexico</b>	
Carlsbad (Oct. 1–Sept. 30)	Eddy
<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–Sept. 30)	Dare

Key	County/other defined location
<b>Oregon</b>	
Eugene/Florence (June 1–July 31)	Lane
Lincoln City (July 1–Aug. 31)	Lincoln
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–Oct. 31 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
Myrtle Beach (June 1–Aug. 31)	Horry
<b>Tennessee</b>	
Nashville (Oct. 1–Sept. 30)	Davidson
<b>Utah</b>	
Moab (Oct. 1–Oct. 31 and March 1–Sept. 30)	Grand
Park City (Oct. 1–Sept. 30)	Summit

Key	County/other defined location
<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>Vermont</b>	
Manchester (Oct. 1–Oct. 30 and Aug. 1–Sept. 30)	Bennington
Montpelier (Oct. 1–Oct. 31 and Aug. 1–Sept. 30)	Washington
<b>Washington</b>	
Port Angeles/Port Townsend (July 1–Aug. 31)	Clallam and Jefferson
Seattle (Oct. 1–Sept. 30 and May 1–Sept. 30)	King
Vancouver (Oct. 1–Oct. 31 and June 1–Sept. 30)	Clark, Cowlitz and Skamania
<b>Wyoming</b>	
Cody (June 1–Sept. 30)	Park
Jackson/Pinedale (Oct. 1–Sept. 30)	Teton and Sublette

# 2022 and 2023 FUTA credit reduction

## 2022 FUTA credit reduction for the states and the U.S. Virgin Islands

Employers will be subject to a FUTA tax rate of 0.9% for tax year 2022 for the below states because they had outstanding federal unemployment insurance loan balances on November 10, 2022. 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 2022 FUTA Credit Reductions](#).) The added tax was due with the 2022 Form 940 due January 31, 2023.

### 2022 FUTA credit reduction rates

State	First year of loan	2022 FUTA credit reduction	2022 benefit cost ratio (BCR) add-on <sup>1</sup>	2022 total FUTA rate <sup>2</sup>
California	2020	0.3%	0.0%	0.9%
Connecticut	2020	0.3%	0.0%	0.9%
Illinois	2020	0.3%	0.0%	0.9%
New York	2020	0.3%	0.0%	0.9%
Virgin Islands	2009	3.6%	0.0%	4.2%

<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 2021.

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

## 2023 FUTA credit reduction for 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 2021.

<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 2024

## Highlights

- ▶ 26 jurisdictions have a flexible state unemployment insurance (SUI) wage base, meaning that the wage base can increase each year. In the remaining jurisdictions, the wage base is set, requiring legislation to change it.
- ▶ Due to legislation enacted in 2021, Connecticut's SUI wage base will increase by more than 66% in 2024, rising from \$15,000 to \$25,000, the highest 2024 SUI increase of all jurisdictions.
- ▶ For the first time since the law was amended in 2009 ([SB 246](#)), West Virginia's 2024 SUI wage base is tied to increases/decreases in the state's average wage. West Virginia's SUI wage base is tied both to its SUI trust fund balance and increases/decreases in the state's average wage.
- ▶ Missouri is the only jurisdiction to lower its SUI wage base for 2024.
- ▶ Two states, Nebraska and Rhode Island, assign a higher SUI wage base to employers with a high claims rate.
- ▶ Alaska's employee SUI contribution for 2024 is 0.50%, down from 0.51% in 2024.

## 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 2024 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 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.](#)*)

For a comparison of the 2023 and 2024 SUI wage bases and percentage of increase/decrease, if applicable (as of December 20, 2023), see *EY Tax Alert* [2023-2106](#).

## SUI tax rates

The COVID-19 emergency put a strain on SUI trust funds, and that could have resulted in across-the-board increases in employer SUI taxes. Many jurisdictions avoided that outcome because they deposited federal COVID-19 stimulus funds into their unemployment insurance (UI) trust funds and/or enacted legislation to reduce the impact on employer tax rates caused by the reduction in their trust funds. In addition, most jurisdictions relieved employers of regular COVID-19 UI benefits during at least a part of the pandemic, and some continue to provide this relief, further reducing the impact of COVID-19 unemployment insurance benefits on individual employer 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 2024.

## See what the employer SUI cost outlook is for 2024

To assist you in forecasting your SUI costs for 2024, following is a chart of the 2024 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 2024 SUI rate notices were/will be available.

# State unemployment insurance wage bases and tax rates for 2024

Continued

## SUI wage bases and tax rates for 2024 (as of February 25, 2024)

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 2023 because the 2024 information is not yet available. Wage base information for 2024 is complete unless "TBD" or "EST" is indicated. Information concerning the mailing of 2024 rate notices was not yet available at the time of this printing if highlighted in turquoise.)

Jurisdiction	2024 taxable wage base	2024 range of SUI tax rates for merit-rated employers <sup>1</sup>	2024 rate for new employers <sup>6</sup>	2024 employee rate	2024 surcharge not reported on Form 940 <sup>2</sup>
<a href="#">Alabama</a> <sup>5</sup> (2024 rate notice mailed 12-12-23)	\$8,000	0.14-5.34% Schedule A	2.7%	None	0.06% <sup>3</sup> (Employment Security Enhancement Assessment or ESA)
<a href="#">Alaska</a> <sup>7</sup> (2024 rate notice mailed 12-1-23)	\$49,700↑	1.0-5.4%	Varies	0.50%↓	None
<a href="#">Arizona</a> <sup>*5</sup> (2024 rate notice mailed 12-29-23)	\$8,000	0.05-14.03%↓	2%	None	None
<a href="#">Arkansas</a> <sup>*</sup> (2024 rate notice mailed 2-6-24)	\$7,000	0.225%-10.125%↓	2.025%↓	None	0.125% <sup>4</sup> (Administrative Assessment)
<a href="#">California</a> <sup>5</sup> (2024 rate notice mailed 12-29-23)	\$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> (2024 rate notice mailed 11-30-23)	\$23,800↑	0.81-12.34%↑	3.05%↑ (building 3.05-8.06%)	None	% of employer's SUI rate ( <a href="#">Support Rate</a> ) <sup>4</sup> ↑  % of employer's SUI rate ( <a href="#">Solvency Surcharge</a> ) <sup>4</sup> ↑
<a href="#">Connecticut</a> <sup>*5</sup> (2024 rate notice mailed 12-28-23)	\$25,000↑	1.1-7.8%↑	2.5%↓	None	None
<a href="#">Delaware</a> <sup>**</sup> (2024 rate notice mailed 1-5-24 and reissued 2-1-2024)	\$10,500	0.10-5.40	1.2%↑	None	0.15% <sup>3</sup> (special training tax assessment)
<a href="#">District of Columbia</a> <sup>5,7</sup> (2024 rate notice mailed 1-12-2024)	\$9,000	1.9-7.4% ( <a href="#">Tax Table VI</a> )	2.7%	None	0.2% <sup>3</sup> (Administrative assessment)



Jurisdiction	2024 taxable wage base	2024 range of SUI tax rates for merit-rated employers <sup>1</sup>	2024 rate for new employers <sup>6</sup>	2024 employee rate	2024 surcharge not reported on Form 940 <sup>2</sup>
<b>Florida</b> <sup>*5</sup> (2024 rate notice mailed 12-21-23)	\$7,000	0.1-5.4%	2.7%	None	None
<b>Georgia</b> <sup>*5</sup> (2024 rate notice mailed 1-2-24)	\$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>*</sup> (2023 rate notice mailed 3-15-23)	\$59,100↑	0.2%-5.8%↓ Schedule D	3.0%↓	None	0.01% <sup>3</sup> (Employment and Training (E&T) Assessment Rate)
<b>Idaho</b> (2024 rate notice mailed 12-14-23)	\$53,500↑	0.352-5.4%↑	1.231%↑	None	0.352% to 5.4% <sup>3</sup> (Workforce Rate surcharge) 0% to 0.05984% <sup>3</sup> (Admin Rate surcharge)
<b>Illinois</b> (2024 rate notice mailed 11-30-23)	\$13,590↑	0.850-8.650%↑	3.950% including FRR (no special industry rates)↑	None	0.55% <sup>3</sup> (Fund Building Rate-FRR)
<b>Indiana</b> <sup>*5</sup> (2024 rate notice mailed 1-3-24)	\$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>*</sup> (2024 rate notice mailed 11-20-23)	\$38,200↑	0-7.0% Table 8	1% (building 7.0%)	None	None
<b>Kansas</b> <sup>5</sup> (2024 rate notice mailed 11-6-23)	\$14,000	0.16-6.0%↓ Schedule 11	2.7% (building 6%)	None	0.0% (Fund building surcharge)
<b>Kentucky</b> <sup>*</sup> (2024 rate notice mailed 12-19-23)	\$11,400↑	0.3%-9.0% Schedule A	2.7% (building 9.0%)	None	0.075% <sup>3</sup> (Service Capacity Upgrade Fund Tax (SCUF))
<b>Louisiana</b> <sup>*</sup> (2024 rate notice mailed 12-29-2023)	\$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 2024

Continued

Jurisdiction	2024 taxable wage base	2024 range of SUI tax rates for merit-rated employers <sup>1</sup>	2024 rate for new employers <sup>6</sup>	2024 employee rate	2024 surcharge not reported on Form 940 <sup>2</sup>
<b>Maine</b> * <sup>5</sup> (2024 rate notice mailed 12-15-23)	\$12,000	0.0-5.75% Schedule A	2.04% ↑	None	0.13% <sup>3</sup> ↑ (Competitive Skills Scholarship Fund or CSSF)  0.15% <sup>3</sup> (Unemployment Program Administrative Fund or UPAF)
<b>Maryland</b> <sup>5</sup> (2024 rate notice mailed 1-16-2024)	\$8,500	0.3-7.5% ↓ Table A	2.6% ↑ (building 3.3% ↓)	None	None
<b>Massachusetts</b> <sup>5</sup> (2024 rate notice mailed 1-2-24)	\$15,000	0.73-11.13% ↑ Schedule C	1.45% ↓ (building 5.5% ↓)	None	0.056% <sup>3</sup> (Workforce Training Fund or WTF)
<b>Michigan</b> * (2024 rate notice mailed 12-28-23)	\$9,500	0.06-10.3%	2.7% (building 5.0%)	None	None
<b>Minnesota</b> * (2024 rate notice mailed 12-12-23)	\$42,000 <sup>↑</sup>	0.01-8.9%	Varies by industry with rates ranging from 1.0% to 8.90%	None	0.1% (Workforce Development Assessment)  0.0% <sup>3</sup> (Federal interest assessment)
<b>Mississippi</b> * <sup>5</sup> (2024 rate notice mailed 2-2-2024)	\$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> * (2024 rate notice mailed 12-29-23)	\$10,000 <sup>↓</sup>	0-6.0% ↑	2.376% ↓ (nonprofit/public 1%)	None	0.2% <sup>3</sup> (Unemployment Automation Adjustment, new in 2023)
<b>Montana</b> (2024 rate notice mailed 12-19-23)	\$43,000 <sup>↑</sup>	0-6.12% Schedule I	Varies (1.0%-2.1%) ↓	None	0.13%-0.18% <sup>4</sup> (Administrative Fund Tax or AFT)

Jurisdiction	2024 taxable wage base	2024 range of SUI tax rates for merit-rated employers <sup>1</sup>	2024 rate for new employers <sup>6</sup>	2024 employee rate	2024 surcharge not reported on Form 940 <sup>2</sup>
<b>Nebraska</b> <sup>*5</sup> (2024 rate notice mailed 12-11-23)	\$9,000/\$24,000	0-5.4%	1.25% (building 5.4%)	None	5% of SUI tax rate <sup>3</sup> (State unemployment insurance tax (SUIT) surcharge)
<b>Nevada</b> (2024 rate notice mailed 12-29-23)	\$40,600↑	0.25-5.4%	2.95%	None	0.05% <sup>3</sup> (Career Enhancement Program (CEP) surcharge)
<b>New Hampshire</b> <sup>5,8</sup> (Rate notices for fiscal year 2024 mailed on 9-1-23)	\$14,000	0.1-8.5% (effective 7-1-23 to 6-30-24, rates may change each quarter)	2.7% (effective 7-1-23 to 6-30-24)	None	0.4% <sup>3</sup> (Administrative Surcharge or AC)
<b>New Jersey</b> <sup>*8</sup> (Rate notices for fiscal year 2024 mailed on 8-23-23)	\$42,300↑	1.2%-7.0% (effective 7-1-23 to 6-30-24)	3.4% (effective 7-1-23 to 6-30-24)	0.425%	0.1% <sup>4</sup> (Workforce Development Fund)  0.0175% <sup>4</sup> (Supplemental Workforce Fund)
<b>New Mexico</b> (2024 rate notice mailed on 11-21-23)	\$31,500↑	0.33-5.4%	1% (or industry average if higher)	None	None
<b>New York</b> <sup>*</sup> (2024 rate notice mailed on 2-9-24)	\$12,500↑	2.025-9.825	4.025%↑	None	0.075% <sup>3</sup> (Reemployment Services Fund Surcharge)  0.18% <sup>3</sup> (Interest Assessment Surcharge)
<b>North Carolina</b> (2024 rate notice mailed on 12-11-23)	\$31,400↑	0.06-5.76%	1.0%	None	None
<b>North Dakota</b> <sup>*</sup> (2024 rate notice mailed on 12-8-23)	\$43,800↑	0.08-9.68%↓	1.09%, 6.08%↓ (building 9.68%)	None	None
<b>Ohio</b> <sup>*5</sup> (2024 rate notice mailed on 11-14-23)	\$9,000	0.4-10.1%↓ (Delinquency rate 13.3%↑)	2.7% (building 5.6%)	None	None

# State unemployment insurance wage bases and tax rates for 2024

Continued

Jurisdiction	2024 taxable wage base	2024 range of SUI tax rates for merit-rated employers <sup>1</sup>	2024 rate for new employers <sup>6</sup>	2024 employee rate	2024 surcharge not reported on Form 940 <sup>2</sup>
<b>Oklahoma*</b> (2024 rate notice mailed on 9-30-23)	\$27,000↑	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 HB 2456)
<b>Oregon*</b> (2024 rate notice mailed on 11-15-23)	\$52,800↑	0.9-5.4%↑ Schedule II	2.4%↑	None	0.09%↓ (Special Payroll Tax Offset for 2024 quarters 1-4)
<b>Pennsylvania<sup>5</sup></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> (2024 rate notice mailed on 12-18-23)	\$7,000	2.4-5.4%↑ Table H	3.4%↑	None	
<b>Rhode Island*</b> (2024 rate notice mailed on 12-29-23)	\$29,200/\$30,700↑	0.89-9.07%↓ Schedule G	0.88%	None	0.21% <sup>3</sup> (Job Development Fund or JDF)
<b>South Carolina</b> (2024 rate notice mailed on 11-13-23)	\$14,000	0-5.4%	0.41%↑	None	0.06% <sup>3</sup> (Contingency Surcharge)  0.00% <sup>3</sup> (Solvency Surcharge)
<b>South Dakota</b> (2024 rate notice mailed on 10-31-23)	\$15,000	0-8.8% Schedule C	1.2%, 1.0% (building 6%, 3%)	None	0.02% <sup>3</sup> (Administrative Fee Surcharge)  0.00-0.53% <sup>3</sup> (Investment Fee)
<b>Tennessee*<sup>8</sup></b> (Rate notices for fiscal year 2024 mailed in August 2023)	\$7,000 EST	0.01-10% (effective 7-1-23 to 6-30-24)	2.7% (no special industry rate)  (effective 7-1-23 to 6-30-24)	None	None

Jurisdiction	2024 taxable wage base	2024 range of SUI tax rates for merit-rated employers <sup>1</sup>	2024 rate for new employers <sup>6</sup>	2024 employee rate	2024 surcharge not reported on Form 940 <sup>2</sup>
<b>Texas</b> <sup>5</sup> (2024 rate notice mailed 12-11-23)	\$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> * (2024 rate notice mailed on 11-14-23)	\$47,000↑	0.3-7.3%	1.0-7.3%	None	None
<b>Vermont</b> * <sup>8</sup> (Rate notices for fiscal year 2024 mailed on 6-27-23)	\$14,300↑	0.4%-5.4% (effective 7-1-23 to 6-30-24)	1% (varies for certain industries) (effective 7-1-23 to 6-30-24)	None	None
<b>Virginia</b> <sup>5</sup> (2024 rate notice mailed 12-8-23)	\$8,000	0.13-6.23%	2.5% (Foreign contractor 6.2%)	None	None
<b>Virgin Islands</b> 24 V.I.C. §308 (2024 rate notice mailed 1-29-2024)	\$31,000↑	0.4-5.4%	2%	2%	\$25 per employee
<b>Washington</b> * (2024 rate notice mailed on 12-8-23)	\$68,500↑	0.27-6.02%↑ The 2024 average tax rate is 1.35%↓	90% of the industry average and a minimum of 1.0%	None	0.03% <sup>3</sup> (Employer Administrative Fund or EAF)
<b>West Virginia</b> * (2024 rate notice mailed on 12-8-23)	\$9,521↑	1.5-8.5% Column C	2.7% (building 8.5%)	None	None
<b>Wisconsin</b> <sup>5</sup> (2024 rate notice mailed on 10-10-23)	\$14,000	0.0-12% (small employer); 0.05-12% (large employer) Schedule D	3.05% (small employer); 3.25% (large employer) (building 2.90%, 3.10%)	None	None
<b>Wyoming</b> (2024 rate notice mailed 12-29-23)	\$30,900↑	0%-8.65%↑	Varies	None	0.06% <sup>3</sup> (Employment Support Fund Factor)

# State unemployment insurance wage bases and tax rates for 2024

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 - 2024 SUI wage base is estimated.  
TBD - 2024 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 set by law. Legislation is needed to change it.
- <sup>6</sup> "Building" refers to the construction industry.
- <sup>7</sup> 2024 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.

## Arizona

Effective January 1, 2023, legislation ([SB 1828/Chapter 412](#)) increased the SUI taxable wage base to \$8,000, up from \$7,000. This increase is intended to fund the rise in the maximum weekly UI benefit amount, which effective July 1, 2022, increased to \$320, up from \$240.

## 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

2013 legislation (HB 168) increased the SUI taxable wage base to a minimum of \$10,500 and a maximum of \$18,500 by linking the wage limit to the balance of the state's unemployment trust fund. The higher the trust fund balance, the lower the taxable wage base.

2023 legislation ([HB 236](#)) extended the 2023 special reduced SUI tax rates to 2024. Accordingly, the 2024 SUI tax rates remain at 0.1% to 5.4%, down from 0.3% to 8.2% in 2022. HB 236 also redirects the current 0.2% special assessment from the SUI trust fund to a Special Administrative Fund starting in 2024 for the state's future technology needs. Accordingly, the 0.2% surtax will not be included in certified SUI contributions reported on the 2024 Form 940.

#### **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**

[HB 518](#), enacted in 2023, reinstated the 0.06% administrative assessment surcharge through December 31, 2033, and lowered the new employer rate from 2.7% to 2.64% through December 31, 2026.

#### **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.

#### **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).

#### **Iowa**

In 2022, Iowa Governor Kim Reynolds signed into law [HF 2355](#) which makes several changes to potentially lower future SUI tax rates, in particular, and effective July 1, 2022, the number of weeks that a claimant may collect UI benefits is reduced from 26 weeks to 16 weeks. The number of weeks that an employee laid off due to a business closure is reduced from 39 weeks to 26 weeks.



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# State unemployment insurance wage bases and tax rates for 2024

*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.)

## **Louisiana**

2022 legislation ([HB 192/Act 116](#)) froze the 2023 Louisiana SUI taxable wage base to \$7,700, as had been the case for calendar years 2021-2022.

## **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**

If Michigan's SUI trust fund balance falls below \$2.5 billion as of June 30, the highest wage base of \$9,500 applies in the following year. Otherwise, the wage base is \$9,000.

## **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.

## **Mississippi**

2020 [SB 3051](#) provides that UI benefit charges paid out for the period of July 1, 2020, through December 31, 2020, will be omitted when calculating the 2022-2024 tax rates.

## **Missouri**

Missouri Governor Mike Parson approved [H.B. 2168](#), which effective January 1, 2023, 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.]

## **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.

## **New Jersey**

Employee contribution rate includes the Workforce Development/ Supplemental Workforce Funds surcharge. [A4853](#), enacted in 2020, reduces the effect of regular state COVID-19 UI benefits on New Jersey employer SUI tax rates starting fiscal year 2022 through fiscal year 2024 by preventing the move to a higher SUI rate schedule over the subsequent three fiscal years, something that had been anticipated due to the reduction in the state's UI trust fund from COVID-19 UI benefit payouts.

Following are the maximum SUI tax rate ranges under AB 4853:

- ▶ For fiscal year 2023 (July 1, 2022, to June 30, 2023) the assignment of SUI tax rates will move from Rate Schedule C to Rate Schedule D, with rates ranging from 0.6% to 6.4%.
- ▶ For fiscal year 2024 (July 1, 2023, to June 30, 2024) the assignment of SUI tax rates will move from Rate Schedule D to Rate Schedule E, with rates ranging from 1.2% to 7.0%.

## **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.

## **Ohio**

2016 legislation ([SB 235](#)) increased the SUI taxable wage base to \$9,500 for calendar years 2018 and 2019. The taxable wage base reverted to \$9,000 effective January 1, 2020, and will remain at that amount unless changed by future legislation.

## **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%.



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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**

The 2023 tax rate information was obtained from the 2023 SUI rate notice.

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 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 2023, \$28,200 versus \$29,700 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.

### **Utah**

2021 [HB 2002](#) held the social cost rate factor for 2022 to 0.3%. For 2023-2024, the social cost rate factor will be held to not more than 0.4%. HB 2002 also held the reserve factor to 1.15 for 2022, and to not more than 1.2 for 2023-2024. Utah SUI tax rates are calculated by the following formula: Employer benefit ratio X reserve factor + social cost.

### **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.

To be eligible for relief of regular COVID-19 UI benefit charges for 2021, employers had to request relief of these charges using this form and submitting the form electronically [here](#).

SB 62 required that UI benefit charges for calendar year 2020 not be used in the computation of the "current fund ratio" and the "highest benefit cost rate," factors used to determine which of the five rate schedules provided for by law will be in effect for the next fiscal year.

### **Washington**

2022 [SB 5873](#), signed into law on March 11, 2022, reduces the social cost factor or nearly all employers in 2022 and 2023 (those in the highest rate classes likely won't see a reduction) and reduces the social tax for many employers with 10 or fewer employees for 2023. In general, employers may pay a social tax in addition to experience-rated tax. The law reduces the maximum social tax from 0.75% to 0.50% in 2022, and from 0.80% to 0.70% in 2023. Further, in 2023, employers with 10 or fewer employees, as of the fourth quarter of 2021, will have a graduated social tax factor capped at rate 7. This would lower the tax rate for small businesses who are in rate class 8 or higher.

[SB 5061](#) (and, for 2021, the governor's Executive Order [20-81](#)) also 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**

2024 wage base information was provided by Workforce West Virginia via phone call with Ernst & Young LLP on 1-5-2024.

Under current law, the wage base is lowered to \$9,000 if the unemployment trust fund is at least \$220 million on February 15 of any year; provided however, the taxable wage base is increased or decreased by the same percentage that the state's average weekly wage increases or decreases. If the federal taxable wage base is increased above the West Virginia limit, the West Virginia taxable wage base will be increased by an equal amount. (*W. Va. Code § 21A-1A-28; Code of State Rules § 83-1-7.1.*)

# 2024 state disability and paid family leave insurance wage base 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).

The following chart shows the state SDI, PFML and LTC rates and taxable wage limits for 2024 based on information currently available.

## State disability and paid family and medical leave insurance

Tax year 2024 (as of January 1, 2024)

State/jurisdiction	Employee contribution as a % of taxable wages	Employer contribution as a % of taxable wages	Taxable wage limit*
<b>California</b>			
Disability	1.1%	None	None (new for 2024)
Paid family medical leave insurance	Included in disability contribution	N/A	Included in disability contribution
<b>Connecticut</b>			
Paid family medical leave insurance	0.5%	None	\$168,600 (2024 Social Security wage limit)
<b>Colorado</b>			
Paid family medical leave insurance	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%	\$168,600 (2024 Social Security wage limit)
<b>Delaware</b>			
Paid family medical leave insurance	Employers may deduct 50% of employee contribution	Medical: 0.4%; family leave: 0.8%; 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)	Up to the Social Security wage limit
<b>Contributions start in 2025</b>			

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	0.26% through June 30, 2023	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 \$6.59.	50% of 1.0% (0% contribution if employer has fewer than 15 employees)	\$1,374.78 (weekly)
<b>Maine</b>			
Paid family medical leave insurance	50% of 1.0% (100% if employer has fewer than 15 employees)	50% of 0.9%	Social Security wage base
Contributions start January 1, 2025			
<b>Maryland</b>			
Paid family medical leave insurance	50% of 0.9%	50% of 0.9%	\$168,600 (2024 Social Security wage limit)
Contributions start October 1, 2024			
<b>Massachusetts</b>			
Paid family medical leave insurance	0.88% if employer has 25 or more employees; otherwise, 0.46% (employees pay 100% of family leave portion); if employer has 25 or more employees, 40% of medical insurance portion; otherwise, 100% of medical insurance portion	60% of medical insurance portion for employers of 25 or more employees; otherwise, 100% of medical insurance portion	\$168,600 (2024 Social Security wage limit)
<b>Minnesota</b>			
Paid family medical leave insurance	0.7% for both family and medical leave benefits, 0.4% for medical leave benefits only and 0.3% for family leave benefits only paid 50% by employees	0.7% for both family and medical leave benefits, 0.4% for medical leave benefits only and 0.3% for family leave benefits only paid 50% by employees	Social Security wage limit (a lower wage base applies to employers with less than 30 employees with the lowest premium available to those with one to nine employees)
Contributions start January 1, 2026			

# 2024 state disability and paid family leave insurance wage base 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	Employers that choose to participate in the program will be entitled to a tax credit, allowed against premiums due, of 50% of the premium that the employer paid for coverage for the tax period at issue	N/A
<b>New Jersey</b>			
Disability	None	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
Paid family medical leave insurance	0.09%	None	\$161,400
<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	None
Paid family medical leave insurance	0.373%	None	\$89,343.80
<b>Oregon</b>			
Paid family medical leave insurance	60% of 1.0% (effective January 1, 2023, for employers of 25 or more, employees pay 60%; if fewer than 25 employees, employees pay 100%)	40% of 1.0% (effective January 1, 2023, employers of 25 or more employees pay 40%; if fewer than 25 employees, employers may pay 0%)	\$168,600 (2024 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*
<b>Rhode Island</b>			
Disability	1.2%	None	\$87,000 (maximum contribution of \$1,044)
Paid family medical leave insurance	Included in disability contribution	N/A	Included in disability contribution
<b>Vermont</b>			
Paid family medical leave insurance	Participation is voluntary through <a href="#">The Hartford</a>		N/A
Available July 1, 2024, for private sector employers			
<b>Washington</b>			
Paid family medical leave insurance	71.43% of 0.74% if employer has more than 50 employees; otherwise, 100%	28.47% of 0.74% if employer has 50 or more employees; otherwise, 0%	\$168,600 (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 2024

The IRS released the [2024 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 2024 Form W-4, only newly hired employees who first receive wages in 2024, employees who claimed exemption from withholding in 2023 and employees who wish to change their Form W-4 in 2024. 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 2024 annual percentage withholding tables for automated payroll systems are partially reproduced at right.

## 2024 Percentage Method Tables (Standard Withholding Rate Schedules) (Use if the Form W-4 is from 2019 or earlier, or if the Form W-4 is 2020 or later and the box in Step 2 of Form W-4 IS NOT checked.)

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	\$ 16,300	\$ 0.00	0%	\$ 0
\$ 16,300	\$ 39,500	\$ 0.00	10%	\$ 16,300
\$ 39,500	\$ 110,600	\$ 2,320.00	12%	\$ 39,500
\$ 110,600	\$ 217,350	\$ 10,852.00	22%	\$ 110,600
\$ 217,350	\$ 400,200	\$ 34,337.00	24%	\$ 217,350
\$ 400,200	\$ 503,750	\$ 78,221.00	32%	\$ 400,200
\$ 503,750	\$ 747,500	\$ 111,357.00	35%	\$ 503,750
\$ 747,500		\$ 196,669.50	37%	\$ 747,500
<b>Single or married filing separately</b>				
\$ 0	\$ 6,000	\$ 0.00	0%	\$ 0
\$ 6,000	\$ 17,600	\$ 0.00	10%	\$ 6,000
\$ 17,600	\$ 53,150	\$ 1,160.00	12%	\$ 17,600
\$ 53,150	\$ 106,525	\$ 5,426.00	22%	\$ 53,150
\$ 106,525	\$ 197,950	\$ 17,168.50	24%	\$ 106,525
\$ 197,950	\$ 249,725	\$ 39,110.50	32%	\$ 197,950
\$ 249,725	\$ 615,350	\$ 55,678.50	35%	\$ 249,725
\$ 615,350		\$ 183,647.25	37%	\$ 615,350
<b>Head of household</b>				
\$ 0	\$ 13,300	\$ 0.00	0%	\$ 0
\$ 13,300	\$ 29,850	\$ 0.00	10%	\$ 13,300
\$ 29,850	\$ 76,400	\$ 1,665.00	12%	\$ 29,850
\$ 76,400	\$ 113,800	\$ 7,241.00	22%	\$ 76,400
\$ 113,800	\$ 205,250	\$ 15,469.00	24%	\$ 113,800
\$ 205,250	\$ 257,000	\$ 37,417.00	32%	\$ 205,250
\$ 257,000	\$ 622,650	\$ 53,977.00	35%	\$ 257,000
\$ 622,650		\$ 181,954.50	37%	\$ 622,650

## 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 2024, 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 2024, including an employee who was rehired in 2024, 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 2024 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 2023, and (2) they expect to have no federal income tax liability in 2024.

## 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. 22-23.*)

# Federal income tax withholding for 2024

Continued



## Nonresident alien employee income tax withholding adjustment for 2024

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.)

**Table 1:**  
No Form W-4 for 2020 or later on file

Payroll period	Add additional
Daily or miscellaneous	\$ 39.60
Weekly	\$ 198.10
Biweekly	\$ 396.20
Semimonthly	\$ 429.20
Monthly	\$ 858.30
Quarterly	\$ 2,575.00
Semiannually	\$ 5,150.00
Annually	\$ 10,300.00

**Table 2:**  
Form W-4 for 2020 or later is on file

Payroll period	Add additional
Daily or miscellaneous	\$ 56.20
Weekly	\$ 280.80
Biweekly	\$ 561.50
Semimonthly	\$ 608.30
Monthly	\$ 1,216.70
Quarterly	\$ 3,650.00
Semiannually	\$ 7,300.00
Annually	\$ 14,600.00

## 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 2024

To assist you in reviewing your state and US territory income tax withholding rates for 2024, 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 2024 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 2024.

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 2024

Continued

## State income tax withholding tables, supplemental, flat tax and highest marginal withholding tax rates for 2024 (survey\*\* results as of February 25, 2024)

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

Changes from 2023 are highlighted in yellow.

Turquoise highlighting indicates that 2024 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>	1-1-23	5.0%	N/A	5.0%
<a href="#">American Samoa</a>	1-1-07	N/A	N/A	27.0%
<a href="#">Arizona</a>	1-1-23	N/A	2.5%	N/A
<a href="#">Arkansas*</a>	1-1-24	4.4%	N/A	4.4% (Effective 1-1-24, SB 8 (2023) lowers the tax rate to 4.4%)
<a href="#">California*</a>	1-1-24	6.60% and 10.23% on bonus and stock options	N/A	14.63%
<a href="#">Colorado</a>	11-14-22 (Note that DR 1098 (rev. 11-14-22) is used by employers to compute income tax withholding)	N/A	4.4%	N/A
<a href="#">Connecticut*</a>	1-1-24	N/A	N/A	6.99% (Effective 1-1-24, HB 6941 lowers the tax rates for middle-income taxpayers)
<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	1-1-24	Under \$8,000.....2% \$8,000.01-\$10,000.....3% \$10,000.01-\$12,000.....4% \$12,000.01-\$15,000.....5% Over \$15,000 .....5.49%	5.49%	N/A (HB 1437 replaced the graduated personal income tax to a flat rate of 5.49% effective 1-1-24, with gradual reductions each year until the rate reaches 4.99% effective 1-1-29)
Hawaii	11-30-22	N/A	N/A	7.9% (The top individual tax rate is 11%.)
Idaho	5-15-23	N/A	5.8%	N/A (HO172 moved the state to a flat tax effective retroactive to 1-1-23)
Illinois	6-1-23 (updates were made to the exemption amounts)	N/A	4.95%	N/A
Indiana	1-1-24 (For the county income tax rates effective 1-1-24, go <a href="#">here</a> )	N/A	3.05% plus local income tax rate (H.B. 1001, enacted in 2023, lowers the tax rate to 3.05% for 2024 with additional tax cuts each year until the rate reaches 2.90% in 2027)	N/A

# State income tax withholding tables, supplemental withholding rates and highest withholding tax rates for 2024

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*	1-1-24	6.0% (The Iowa Administrative Code has not yet been updated to reflect the reduced income tax rates under House File 2317. In an email to Ernst & Young LLP on 2-12-2024, the Iowa Department of Revenue said it will accept the supplemental rate of 5.7% effective 1-1-2024 according to the statute.)	N/A	5.70% (House File 2317 phases down individual income tax rates over four years starting in 2023 to a flat rate of 3.9% by tax year 2026)
Kansas*	6-21-21	5.0%	N/A	5.7%
Kentucky	1-1-24	N/A	4.0% (Under H.B. 8, the rate is lowered to 4.0% effective 1-1-24)	N/A
Louisiana	1-1-22	N/A	N/A	4.25%
Maine*	1-1-24	5.0%	N/A	7.15%
Maryland*	1-1-24	Use the rate at the bottom of the <a href="#">local tax table</a> . Withhold at 3.2% for residents of Maryland working in Delaware and other nonreciprocal states. ( <a href="#">Maryland Tax Facts</a> )	N/A	Use the rate at the bottom of the <a href="#">local tax table</a> . Withhold at 3.2% for residents of Maryland working in Delaware and other nonreciprocal states. ( <a href="#">Maryland Tax Facts</a> )
Massachusetts	1-1-24	N/A	5.0% + 4% surtax on wages over \$1 million	9.0%
Michigan*	1-1-24 (Michigan employer guide for 2024 showing the rate of 4.25% is outstanding)	N/A	4.25% (On December 21, 2023, the Michigan Court of Claims dismissed a lawsuit arguing that the rate should remain at 4.05% for 2024. The Mackinac Center for Public Policy will appeal the decision)	N/A
Minnesota*	1-1-24	6.25%	N/A	9.85%

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>
Mississippi	1-1-24	N/A	4.7% (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*	1-1-24	4.8%	N/A	4.8% (Starting in 2024, SB.3 (2022) lowers the top tax rate to 4.8% if certain revenue targets are met)
Montana*	1-1-24	5.0%	N/A	5.9% (SB 121 (2023) lowers the top tax rate to 5.9% effective 1-1-24)
Nebraska*	1-1-24 (The Department of Revenue has confirmed that the highest withholding rate is 6.10% despite the highest tax rate of 5.84%)	5.0%	N/A	6.10% (Under LB 754 (2023), effective 1-1-24, the highest marginal tax rate is 5.84% and 5.2% effective 1-1-25)
New Jersey	10-1-20	N/A	N/A	11.80%
New Mexico*	1-1-24	5.90%	N/A	5.90%
New York*	1-1-24	11.70% (New York City is 4.25%, Yonkers resident is 1.95975%, Yonkers nonresident is 0.50%)	N/A	11.7%
North Carolina*	1-1-24	4.60%	4.5% (HB 259 (2023) lowers the tax rate to 4.5% effective 1-1-24)	N/A
North Dakota*	1-1-24	1.5%	N/A	2.5%
Ohio*	11-1-23 School district tax effective 1-1-24	3.5%	N/A	4.410% (The top tax rate effective 1-1-24 is 3.5% under HB 33 (2023))
Oklahoma*	1-1-24	4.75%	N/A	4.75%
Oregon*	1-1-24	8.0%	N/A	9.90%

# State income tax withholding tables, supplemental withholding rates and highest withholding tax rates for 2024

Continued

Pennsylvania	3-1-14	N/A	3.07% plus, employee unemployment insurance tax rate of 0.07% and local tax rate	N/A
Puerto Rico	1-1-17	N/A	N/A	33%
Rhode Island*	1-1-24	5.99%	N/A	5.99%

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>
South Carolina	1-1-24	N/A	N/A	6.4% (Under S. 1087 (2022) the tax rates can be lowered if revenue targets are met)
Utah	6-1-23	N/A	4.65% (H.B. 54 retroactively lowered the tax rate to 4.65% effective 1-1-23)	N/A
Vermont*	1-1-24	30% of federal income tax withholding (6% for payments under a nonqualified deferred compensation plan)	N/A	8.75%
Virginia*	10-1-22	5.75%	N/A	5.75%
West Virginia	5-1-23	Under \$10,000 ..... 2.36% \$10,000-\$25,000..... 3.15% \$25,000.01-\$40,000.... 3.54% \$40,000.01-\$60,000.... 4.72% Over \$60,000 ..... 5.12%	N/A	5.12%
Wisconsin	1-1-22	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%

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## 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 2024 state income tax withholding rates in our **2024 employment tax rates and limits report**, available in January 2024, 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).

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 2023 (see our [2023 employment tax rates and limits report](#)), and early indications are that this trend will continue into 2024. 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.

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### 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 4.4% of the bonus or commission for state income tax.

The Department suggests that employers advise their employees that the 4.4% withholding rate could, in some cases, be more than the income tax liability and cannot be recovered until the employee files the Arkansas personal income tax return. (*Withholding Tax, Employer's Instructions*, p 4, note that this publication has not yet been updated to reflect the reduced rate of 4.4%).

### 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 is 6%. (*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.)

### Maine

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

### Maryland

Under [SB 133](#) and effective in 2022, each county is authorized to set by ordinance or resolution, a county income tax rate equal to at least 2.25% (previously, 1%) 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. The legislature overrode the governor's veto on December 6, 2021.

### Michigan

The personal income tax rate changes for a tax year based on economic conditions. [MCL 206.51\(1\)\(c\)](#) outlines the income tax rate reduction calculation.

### Minnesota

The supplemental rate of withholding is 6.25%. (*Minnesota Income Tax Withholding, Supplemental Payments*. P. 7.)

### Missouri

The supplemental rate of withholding is 4.8%. (*2024 Missouri Employer's Tax Guide*, p.5.)

### Montana

The supplemental rate of withholding is 5%. (*Withholding Tax Guide with Montana Withholding Tax Tables*, p.4.)

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# State income tax withholding tables, supplemental, flat tax and highest marginal withholding tax rates for 2024

*Continued*

## **Nebraska**

The supplemental withholding rate is 5%. (*2024 Nebraska Circular EN, p.9.*)

## **New Mexico**

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

## **New York**

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 4.6%. (*North Carolina 2024 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.58.*)

## **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.6.*)

## **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.16.*)



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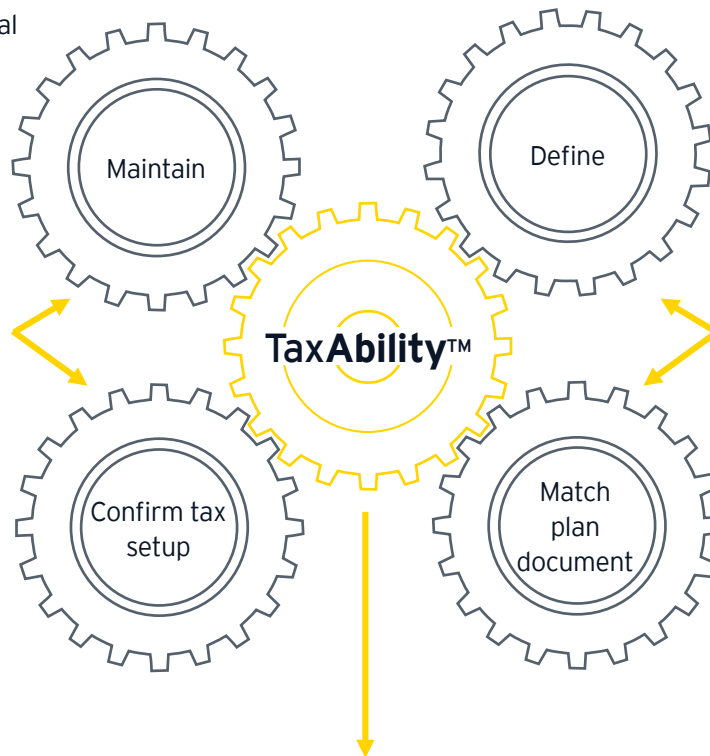
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## Contact us for more information:

**Kristie Lowery**  
+1 704 331 1884  
[kristie.lowery@ey.com](mailto:kristie.lowery@ey.com)

**Ken Hausser**  
+1 732 516 4558  
[kenneth.hausser@ey.com](mailto:kenneth.hausser@ey.com)

**Debera Salam**  
+1 713 750 1591  
[debera.salam@ey.com](mailto:debera.salam@ey.com)

## Ernst & Young LLP Employment Tax Advisory contacts

Bryan De la Bruyere  
bryan.delabruyere@ey.com  
+1 404 817 4384

Jennie DeVincenzo  
jennie.devincenzo@ey.com  
+1 732 516 4572

Ken Hausser  
kenneth.hausser@ey.com  
+1 732 516 4558

Debera Salam  
debera.salam@ey.com  
+1 713 750 1591

Kristie Lowery  
kristie.lowery@ey.com  
+1 704 331 1884



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