

# US employment tax rates and limits for 2022

December 16, 2022 (final)



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# Social Security wage base for 2022

The Social Security wage base will increase from \$142,800 to \$147,000 in 2022, higher than the \$146,700 high-cost estimate and lower than the \$147,300 low-cost estimate published in the August 2021 Annual Report of the Board of Trustees. (See *EY Tax Alert 2021-1601, 9-7-2021*; *Social Security Administration Press Release*.)

The Medicare tax rate for 2021 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 (\$250,000 for married couples filing jointly). While employers are required to withhold the additional 0.9% on covered wages over \$200,000, there is no corresponding employer tax. For a quick reference chart, see the following page.

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

## Social Security, Medicare and disability insurance contributions (2021 compared to 2022)

Description	2021	2022	Increase
Social Security tax rate for employees	6.20%	6.20%	-0-
Social Security tax rate for employers	6.20%	6.20%	-0-
Social Security wage base	\$142,800.00	\$147,000.00	\$ 4,200.00
Maximum Social Security tax for employees	\$ 8,853.60	\$ 9,114.00	\$ 260.40
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 employer matching contribution.



# Qualified pension plan limits for 2022

The dollar limitations for qualified retirement and certain non-qualified plans that become effective January 1, 2022, have been released by the IRS in [Notice 2021-61](#).

The dollar limitations adjusted by reference to IRC Section 415(d) are modified annually for inflation and, consequently, most of them are changed for 2022.

Of note, the 2022 pretax limit that applies to elective deferrals to 401(k), 403(b) and most 457(b) plans increased from \$19,500 to \$20,500. The dollar limitation for catch-up contributions for participants age 50 or over is unchanged at \$6,500.

Plan participants in qualified retirement plans will need to consider the impact of the dollar limitations for 2022 in their overall financial planning.

A summary of some of the cost-of-living adjustments applicable to dollar limitations for qualified retirement plans and other items for 2022 are provided at right.

## Footnotes

<sup>1</sup> For a participant who separated from service before January 1, 2022, 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 2021, by 1.0534.

<sup>2</sup> For eligible participants in certain governmental plans that allow cost-of-living adjustments to the compensation limit to be considered, that limit is increased to \$450,000 for 2022, up from \$430,000 in 2021.

## Qualified retirement plan limitations (2021 compared to 2022)

Description	2021 limit	2022 limit
Participant pretax contribution limit for 401(k) and 403(b) plans IRC §402(g)(1)	\$19,500	\$20,500
Deferral limit for deferred compensation plans of state and local governments and tax-exempts IRC §457(e)(15)	\$19,500	\$20,500
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)	\$6,500	\$6,500
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)	\$3,000	\$3,000
Defined benefit plan limit <sup>1</sup> IRC §415(b)(1)(A)	Lesser of \$230,000 or 100% of the participant's 3-year high compensation	Lesser of \$245,000 or 100% of the participant's 3-year high compensation
Defined contribution plan limit IRC §415(c)(1)(A)	Lesser of \$58,000 or 100% of participant's compensation	Lesser of \$61,000 or 100% of participant's compensation
Maximum ESOP account balance subject to a 5-year distribution period/increments for additional year IRC §409(o)(1)(C)(ii)	\$1,165,000/ \$230,000	\$1,230,000/ \$245,000
Highly compensated employee dollar threshold IRC §Section 414(q)(1)(B)	\$130,000	\$135,000

Description	2021 limit	2022 limit
Definition of key employee in a top-heavy plan – officer compensation threshold IRC §416(i)(1)(A)(i)	\$185,000	\$200,000
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)	\$290,000	\$305,000
SEP employee participation floor IRC §408(k)(2)(C)	\$650	\$650
Simple retirement accounts contribution limit IRC §408(p)(2)(E)	\$13,500	\$14,000
Compensation amount of control employees for fringe benefit valuation purposes Treas. Reg. §1.61-21(f)(5)(i) and (iii)	\$115,000/ \$235,000	\$120,000/ \$245,000



# Health Savings Account limits for 2021 and 2022

## 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 [Rev. Proc. 2021-25](#), the IRS announced the inflation adjustments that will apply to Health Savings Accounts (HSAs) under IRC §223 effective for calendar year 2022.

Health Savings Account limit type	2021	2022
<b>Contribution*</b>		
Self (IRC §223(b)(2)(A))	\$3,600	\$3,650
Family (IRC §223(b)(2)(B))	\$7,200	\$7,300
<b>Out-of-pocket</b>		
Self (IRC §223(c)(2)(A))	\$7,000	\$7,050
Family (IRC §223(c)(2)(A))	\$14,000	\$14,100
<b>Deductible (high-deductible health plan)</b>		
Self (IRC §223(c)(2)(A))	\$1,400	\$1,400
Family (IRC §223(c)(2)(A))	\$2,800	\$2,800

\* 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 2022, 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 \$1,800.

## 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. ([2021 Form W-2 instructions, page 11.](#))



# 2022 inflation adjustments for fringe benefits and Form W-2 penalties

In [Revenue Procedure 2021-45](#) the IRS announced the 2022 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 2022

Summarized below are the 2022 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 \$2,450 (up from \$2,400 in 2021) and not more than \$3,700 (up from \$3,600 in 2021)	Not less than \$4,950 (up from \$4,800 in 2021) and not more than \$7,400 (up from \$7,150 in 2021)
Annual out-of-pocket (other than for premiums)	Not to exceed \$4,950 (up from \$4,800 in 2021)	Not to exceed \$9,050 (up from \$8,750 in 2021)

## Adoption assistance limit goes up in 2022

The limit on qualified adoption assistance (including special-needs children) under IRC §137 for 2022 is \$14,890, up from \$14,440 in 2022.

For 2022, 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 \$223,410 and is completely phased out for taxpayers with modified adjusted gross income of \$263,410 or more.

## Health Flexible Spending Account limit goes up in 2022

The 2022 annual limit on pretax contributions employees can make toward their health Flexible Spending Account through a cafeteria plan under IRC §125(i) is \$2,850, up from \$2,750 in 2021.

## Transportation fringe benefits (parking and transit) limit goes up in 2022

The 2022 monthly limit on parking benefits under IRC §132(f)(2)(B) is \$280, up from \$270 in 2021.

The 2022 aggregate monthly limit for transportation in a commuter highway vehicle and any transit pass under IRC §132(f)(2)(A) is also \$280, up from \$270 in 2021.



# 2022 inflation adjustments for fringe benefits and Form W-2 penalties

Continued

## Foreign earned income exclusion increases for 2022

For taxable years beginning in 2022, the foreign earned income exclusion amount under § 911(b)(2)(D)(i) is \$112,000, up from \$108,700 in 2021.

## Reporting penalties for Forms W-2/1099 increase for tax year 2022

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 2022 (filed in 2023).

<b>§6721 Failure to timely file an accurate information return with IRS (for returns required to be filed in 2023)</b>				
<b>Filed/corrected</b>				
<b>On or after</b>	<b>On or before</b>	<b>Penalty</b>	<b>Maximum</b>	<b>Maximum small employer</b>
January 1	January 31	\$0	N/A	N/A
February 1	February 28	\$50	\$588,500	\$206,000
March 1	August 1	\$110	\$1,766,000	\$588,500
August		\$290	\$3,532,500	\$1,177,500
	Intentional disregard	\$580	No limit	No limit

<b>§6722 Failure to timely furnish an accurate employee statement (for returns required to be filed in 2023)</b>				
<b>Filed/corrected</b>				
<b>On or after</b>	<b>On or before</b>	<b>Penalty</b>	<b>Maximum</b>	<b>Maximum small employer</b>
January 1	January 31	\$0	N/A	N/A
February 1	February 28	\$50	\$588,500	\$206,000
March 1	August 1	\$110	\$1,766,000	\$588,500
August 1		\$280	\$3,532,500	\$1,177,500
	Intentional disregard	\$580	No limit	No limit



# Federal mileage rates and luxury vehicle limit for 2022

Effective January 1, 2022, the business standard mileage rate for use of a car (including vans, pickup trucks and panel trucks) increases from \$0.560 to \$0.585, and the rate for medical and relocation mileage increases from \$0.160 to \$0.180. Mileage related to charity is set by law and remains at \$0.14 per mile. ([Notice 2022-03](#); [Notice 2021-02](#).)

Effective July 1, 2022, the business standard mileage rate for use of a car (including vans, pickup trucks and panel trucks) increases from \$0.585 to \$0.625, and the rate for medical and relocation mileage increases from \$0.180 to \$0.220. Mileage related to charity is set by law and remains at \$0.14 per mile. ([Notice 2022-03](#); [Announcement 2022-13](#).)

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 after December 31, 2017, except members of the Armed Forces on active duty moving under orders to a permanent change of station.

## Luxury vehicle limit for 2022

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 the vehicle (including trucks and vans) first made available to employees in calendar year 2022 increased from \$51,100 to \$56,100.

## Summary of mileage rates (2021 compared to 2022)

Type of mileage	Effective January 1, 2021	Effective January 1, 2022	Effective July 1, 2022
Business standard	\$0.560	\$0.585	\$0.625
Charity	\$0.140	\$0.140	\$0.140
Relocation and medical	\$0.160	\$0.180	\$0.220



# Per diem rates under high-low substantiation method for 2022

In [Notice 2021-52](#), the IRS released the per diem reimbursement rates that will apply effective October 1, 2021 (or, optionally, January 1, 2022). The per diem reimbursement rate for high-cost areas increases from \$292 to \$296 and from \$198 to \$202 for low-cost areas. There were also numerous changes to the areas that qualify as high cost.

Description	High-cost area	Low-cost area
Lodging, meals and incidentals	\$296 (was \$292)	\$202 (was \$198)
Meals and incidentals only	\$74 (was \$71)	\$64 (was \$60)
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 (up from \$66) for any locality of travel in the continental United States (CONUS) and \$74 (up from \$71) 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, 2020)

Key	County/other defined location
<b>Arizona</b>	
Sedona (Oct. 1-Dec. 31, March 1-April 30 and Sept. 1-Sept. 30)	City limits of Sedona
<b>California</b>	
Los Angeles (Oct. 1-Oct. 31 and Jan. 1-Sept. 30)	Los Angeles, Orange, Ventura, Edwards AFB, less the city of Santa Monica
Mill Valley/San Rafael/Novato (Oct. 1-Oct. 31 and June 1-Sept. 30)	Marin
Monterey (June 1-Aug. 31)	Monterey
Napa (Oct. 1-Nov. 30 and April 1-Sept. 30)	Napa
Oakland (Oct. 1-Sept. 30)	Alameda
San Diego (Feb. 1-July 31)	San Diego
San Francisco (Oct. 1-Sept. 30)	San Francisco
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>	
Aspen (Oct. 1-March 31 and June 1-Sept. 30)	Pitkin
Crested Butte/Gunnison (Dec. 1-March 31)	Gunnison
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 (Dec. 1-March 31)	Summit
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 (Dec. 1-April 30)	Palm Beach and Hendry
Fort Lauderdale (Jan. 1-April 30)	Broward
Fort Myers (Feb. 1-March 31)	Lee
Fort Walton Beach/ De Funiak Springs (June 1-July 31)	Okaloosa and Walton
Key West (Oct. 1-July 31)	Monroe
Miami (Dec. 1-March 31)	Miami-Dade
Naples (Dec. 1-April 30)	Collier
Vero Beach (Dec. 1-April 30)	Indian River
<b>Georgia</b>	
Jekyll Island/Brunswick (March 1-July 31)	Glynn
<b>Illinois</b>	
Chicago (Oct. 1-Nov. 30 and April 1-Sept. 30)	Cook and Lake
<b>Maine</b>	
Bar Harbor/Rockport (July 1-Aug. 31)	Hancock and Knox
Kennebunk/Kittery/Sanford (July 1-Aug. 31)	York
<b>Maryland</b>	
Ocean City (July 1-Aug. 31)	Worcester
Washington, DC metro area (Oct. 1-Sept. 30)	Montgomery and Prince George's

# Per diem rates under high-low substantiation method for 2022

Continued

Key	County/other defined location
<b>Massachusetts</b>	
Boston/Cambridge (Oct. 1-Sept. 30)	Suffolk, City of Cambridge
Falmouth (July 1-Aug. 31)	City limits of Falmouth
Hyannis (July 1-Aug. 31)	Barnstable, less the city of Falmouth
Martha's Vineyard (June 1-Sept. 30)	Dukes
Nantucket (June 1-Sept. 30)	Nantucket
<b>Michigan</b>	
Petoskey (July 1-Aug. 31)	Emmet
Traverse City (July 1-Aug. 31)	Grand Traverse
<b>Montana</b>	
Big Sky/West Yellowstone/Gardiner (June 1-Sept. 30)	Gallatin and Park
<b>New Mexico</b>	
Carlsbad (Oct. 1-Sept. 30)	Eddy
<b>New York</b>	
Lake Placid (July 1-Aug. 31)	Essex
New York City (Oct. 1-Dec. 31 and March 1-Sept. 30)	Bronx, Kings, New York, Queens, Richmond
<b>Oregon</b>	
Portland (Oct. 1-Oct. 31 and June 1-Sept. 30)	Multnomah
Seaside (July 1-Aug. 31)	Clatsop

Key	County/other defined location
<b>Pennsylvania</b>	
Philadelphia (Oct. 1-Nov. 30, March 1-June 30 and Sept. 1-Sept. 30)	Philadelphia
<b>Rhode Island</b>	
Jamestown/Middletown/Newport (June 1-Aug. 31)	Newport
<b>South Carolina</b>	
Charleston (Oct. 1-Nov. 30 and March 1-Sept. 30)	Charleston, Berkeley and Dorchester
<b>Tennessee</b>	
Nashville (Oct. 1-Sept. 30)	Davidson
<b>Utah</b>	
Park City (Dec. 1-March 31)	Summit
<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>	
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 (June 1-Sept. 30)	Teton and Sublette

# 2021 and 2022 FUTA credit reduction

## 2021 FUTA credit reduction for the U.S. Virgin Islands

Because a loan balance was still outstanding on November 10, 2021, Virgin Islands employers will pay a FUTA tax rate for calendar year 2021 of 3.9%, composed of a FUTA credit reduction rate of 3.3% and the 0.6% minimum FUTA tax rate.

As has occurred in previous years, the territory requested a waiver of, and was approved for, the additional benefit-cost ratio (BCR) for 2021. Had the waiver not been approved, the total FUTA tax rate for Virgin Islands employers would have been 4.2%.

The additional FUTA taxes will be used to pay down Virgin Islands' federal UI loan balance. The increased 2021 FUTA taxes will be due from Virgin Islands employers with their fourth-quarter 2021 FUTA tax deposit (Form 940) due February 1, 2022.

### 2021 FUTA credit reduction rates

State	First year of loan	2020 FUTA credit reduction	2020 total FUTA rate	2021 FUTA credit reduction	2021 benefit cost ratio (BCR) add-on <sup>1</sup>	2021 total FUTA rate <sup>2</sup>
Virgin Islands	2009	2.7%	3.3%	3.0%	0.0%	3.6%

<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.

## 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 is paid with the 2022 Form 940 due January 31, 2023.

Jurisdiction	First year of loan	Federal UI loan balance as of November 10, 2022 per <a href="#">Treasury Direct</a>	Net 2022 FUTA rate
California	2020	\$17,987,664,492.91	0.9%
Connecticut	2020	\$64,330,076.23	0.9%
Illinois	2020	\$1,362,645,002.82	0.9%
New York	2020	\$7,743,501,256.75	0.9%
Virgin Islands	2009	\$95,854,314.07	4.2%



# State unemployment insurance wage bases and tax rates for 2022

State unemployment insurance (SUI) trust funds are largely financed by employer contributions (except in Alaska, New Jersey and Pennsylvania, where employees also make contributions). States are required to maintain a SUI wage base of no less than the limit set under the Federal Unemployment Insurance Act (FUTA). The 2021 FUTA wage base of \$7,000 has remained unchanged since 1983, despite increases in the federal minimum wage and annual cost-of-living adjustments over the last 37 years.

Some states are conservative in their approach to maintaining adequate SUI trust fund reserves. Consequently, the SUI wage base is flexible, meaning it is indexed to the average wage or varies based on the SUI trust fund balance. According to the United States Department of Labor (DOL), 24 states and the Virgin Islands had a flexible wage base in 2020. (U.S. Department of Labor [Comparison of State Unemployment Laws, 2020](#).)

As a result of the COVID-19 pandemic, several states are considering or have passed legislation or have issued executive orders to change their UI laws, bolster UI trust funds and/or provide relief to their employers. For example, several states have transferred federal stimulus under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to their UI trust fund balances to avoid significant increases in employers' 2021 SUI tax rates. In addition, most states, at least for a period of time, chose not to charge employer reserve accounts with COVID-19 UI benefits.

See our [special report](#) for actions states took in 2021.

## Preliminary list of 2022 SUI wage bases and tax rates

As of January 6, 2022, 14 states are reporting an increase in their 2022 base SUI tax rate schedules. More states would have increased their rate schedules but avoided that outcome because many of them 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 UI trust funds. In addition, most states relieved employers of regular COVID-19 UI benefits during at least a part of the pandemic, further reducing the impact of these UI benefits on individual employer tax rates.

Following is a preliminary list of the 2022 SUI wage bases and tax rates.

Note that the hyperlinks point to the state source for the SUI tax rate information.

For states shaded in gray, the state has not yet officially published the 2022 rate information.



# State unemployment insurance wage bases and tax rates for 2022

Continued

## Final SUI wage bases and tax rates for 2022 (as of December 16, 2022)

State	2022 taxable wage base	2022 range of SUI tax rates for merit-rated employers <sup>1</sup>	2022 rate for new employers <sup>6</sup>	2022 employee rate	2022 surcharge not reported on Form 940 <sup>2</sup>
<b>Alabama</b> <sup>5</sup> (Rate notices expected to be available in January 2022)	\$8,000	0.44%-6.04%↓	2.7%	None	0.06% <sup>3</sup> (Employment Security Enhancement Assessment or ESA)
<b>Alaska</b> (Rate notice mailed 12-1-21)	\$45,200↑	1.0-5.4%	Varies	0.56%↑	None
<b>Arizona</b> <sup>*5</sup> (Rate notice mailed 12-30-21)	\$7,000	0.08-20.93%↑	2%	None	None
<b>Arkansas</b> <sup>*</sup> (Rate notice was expected to mail by 12-31-21)	\$10,000	0.3-14.2%	3.1%	None	None
<b>California</b> <sup>5</sup> (Rate notice was mailed 12-31-21)	\$7,000	1.5-6.2%	3.4%	None	0.1% <sup>3</sup> (Employment Training Tax or ETT)
<b>Colorado</b> <sup>*</sup> (Rate notice is expected to mail by 1-17-22)	\$17,000↑	0.75-10.39%↑	1.7% (building 1.86-7.58%)	None	None
<b>Connecticut</b> <sup>*5</sup> (Rate notice was mailed 12-31-21)	\$15,000	1.9-6.8%	3.0%	None	None
<b>Delaware</b> <sup>*</sup> (Rate notice is expected to mail by 1-30-22)	\$14,500↓	0.3-8.2%	1.8% (building rate varies)	None	0.11% <sup>3</sup> ↓ (special training tax assessment)
<b>District of Columbia</b> <sup>5</sup> (Rate notices mailed 4-4-22)	\$9,000	1.9-7.4%	2.7%	None	0.2% <sup>3</sup> (special training tax assessment)



State	2022 taxable wage base	2022 range of SUI tax rates for merit-rated employers <sup>1</sup>	2022 rate for new employers <sup>6</sup>	2022 employee rate	2022 surcharge not reported on Form 940 <sup>2</sup>
<b>Florida</b> <sup>*5</sup> (Rate notice was expected to be mailed on or before 2-18-22)	\$7,000	0.1-5.4%	2.7%	None	None
<b>Georgia</b> <sup>5</sup> (Rate notice was electronically available 12-28-21)	\$9,500	0.04-8.1%	2.64%	None	0.06% <sup>3</sup> (administrative assessment)
<b>Hawaii</b> <sup>*</sup>	\$51,600↑	0.2%-5.8%	3.0%	None	0.01% <sup>3</sup> (Employment and Training (E&T) Assessment Rate)
<b>Idaho</b> (Rate notices are mailed each December)	\$46,500↑	0.207-5.4%	0.97%	None	3% of tax rate <sup>3</sup> (Workforce Development Surcharge)
<b>Illinois</b> <sup>*</sup> (Rate notice was mailed 12-1-21)	\$12,960	0.725-7.625%↑	3.525%↑ (no industry rates)	None	None
<b>Indiana</b> <sup>*5</sup>	\$9,500	0.5-7.4%	2.5% (1.6% government, building rate varies)	None	0.0% (solvency surcharge)
<b>Iowa</b> (Rate notices are mailed each November)	\$34,800↑	0-7.5%	1% (building 7.5%)	None	None
<b>Kansas</b> <sup>*5</sup> (Rate notices are mailed each December)	\$14,000	0.2-7.6%	2.7% (building 6%)	None	None
<b>Kentucky</b> <sup>*</sup> (Rate notices were mailed 12-10-21 and reissued the week of March 28)	\$10,800	0.3%-9.0%	2.7% (building 9.0%)	None	The 0.075% Service Capacity Upgrade Fund Tax (SCUF) is again suspended for 2022

# State unemployment insurance wage bases and tax rates for 2022

Continued

State	2022 taxable wage base	2022 range of SUI tax rates for merit-rated employers <sup>1</sup>	2022 rate for new employers <sup>6</sup>	2022 employee rate	2022 surcharge not reported on Form 940 <sup>2</sup>
<b>Louisiana*</b> (Rate notices are mailed by December 31)	\$7,700	0.09-6.2%	Varies	None	Varies <sup>4</sup> (Incumbent Worker Training Program and Integrity Social Charge Fund rates)
<b>Maine*<sup>5</sup></b> (Rate notice was mailed 12-17-21)	\$12,000	0.53-6.16% <sup>↑</sup>	2.24% <sup>↑</sup>	None	0.07% <sup>3</sup> (Competitive Skills Scholarship Fund or CSSF)  0.14% <sup>3</sup> <sup>↑</sup> (Unemployment Program Administrative Fund or UPAF)
<b>Maryland*<sup>5</sup></b> (Rate notices are expected to mail after 1-15-22 but not later than 1-31-22)	\$8,500	1-10.5% <sup>↓</sup>	2.3% <sup>↓</sup> (building 5.4% <sup>↓</sup> )	None	None
<b>Massachusetts*<sup>5</sup></b>	\$15,000	0.94-14.37%	2.42% (building 6.72%) <sup>↓</sup>	None	0.056% <sup>3</sup> (Workforce Training Fund or WTF)
<b>Michigan*</b> (Rate notices were expected to mail by 1-3-22)	\$9,500	0.06-10.3%	2.7% (building 6.0%)	None	None
<b>Minnesota*</b> (Rate notices were mailed 12-15-21)	\$38,000 <sup>↑</sup>	0.57-10.716% <sup>↑</sup>	Varies	None	0.1% (Workforce Development Assessment)  1.8% <sup>3</sup> <sup>↓</sup> (Federal interest assessment)

State	2022 taxable wage base	2022 range of SUI tax rates for merit-rated employers <sup>1</sup>	2022 rate for new employers <sup>6</sup>	2022 employee rate	2022 surcharge not reported on Form 940 <sup>2</sup>
<b>Mississippi</b> <sup>*5</sup> (Rate notices were mailed in mid-April 2022)	\$14,000	0.0-5.4%	1%, 1.1%, 1.2%	None	0.2% <sup>3</sup> (Workforce investment, Mississippi Works, and Workforce Enhancement Training surcharges)
<b>Missouri</b> <sup>*</sup> (Rate notices were mailed 11-30-21)	\$11,000	0-5.4%	2.376% (nonprofit/public 1%)	None	None
<b>Montana</b> (Rate notices were mailed 12-21-21)	\$38,100↑	0-6.12%	Varies (1.3%-2.3%)↓	None	0.13%-0.18% <sup>4</sup> (Administrative Fund Tax or AFT)
<b>Nebraska</b> <sup>*5</sup> (Rate notices were mailed 12-10-21)	\$9,000/\$24,000	0-5.4%	1.25% (building 5.4%)	None	5% of rate <sup>3</sup> (State unemployment insurance tax (SUIT) surcharge)
<b>Nevada</b> (Rate notices are typically mailed each December)	\$36,600↑	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 2022 were mailed on 8-26-21)  These rates are through the 2022 first quarter. Rates may change each quarter	\$14,000	0.1-8.5%	2.7%	None	0.4% <sup>3</sup> (Administrative Surcharge or AC)
<b>New Jersey</b> <sup>*8</sup> (Rate notices for fiscal year 2023 were mailed on 8-24-22)	\$39,800↑	0.6%-6.4↑ effective 7-1-22 to 6-30-23	3.1%↑ effective 7-1-22 to 6-30-23	0.425%	0.1% <sup>4</sup> (Workforce Development Fund)  0.0175% <sup>4</sup> (Supplemental Workforce Fund)

# State unemployment insurance wage bases and tax rates for 2022

Continued

State	2022 taxable wage base	2022 range of SUI tax rates for merit-rated employers <sup>1</sup>	2022 rate for new employers <sup>6</sup>	2022 employee rate	2022 surcharge not reported on Form 940 <sup>2</sup>
<b>New Mexico*</b> (Rate notices were mailed on 11-20-21)	\$28,700↑	0.33-6.4%	1% (or industry average if higher)	None	None
<b>New York*</b> (Rate notices are typically mailed in late February or early March)	\$12,000↑	2.025-9.825↓	3.4%↓	None	0.075% <sup>3</sup> (Reemployment Services Fund Surcharge)  0.23% <sup>3</sup> (Interest Assessment Surcharge)
<b>North Carolina*</b> (Rate notices were mailed on 12-15-2021)	\$28,000↑	0.06-5.76%	1.0%	None	None
<b>North Dakota*</b> (Rate notices were mailed on 12-8-21)	\$38,400↓	0.08-9.69%	1.02%, 6.09% (building 9.69%)	None	None
<b>Ohio*</b> <sup>5</sup> (Rate notices were mailed on 12-1-21)	\$9,000	0.8-10.2%↑	2.7% (building 5.5%↓)	None	None
<b>Oklahoma*</b> (Rate notices were mailed on 9-30-21)	\$24,800↑	0.3-9.2%	1.5%	None	5% of tax rate (OESC technology fund diversion)
<b>Oregon*</b> (Rate notices were mailed on 11-15-21)	\$47,700↑	0.9-5.4%↓	2.4%↓	None	0.09% <sup>3</sup> (Special Payroll Tax Offset)
<b>Pennsylvania*</b> <sup>5</sup> (Rate notices were mailed on 12-31-21)	\$10,000	1.2905-9.9333%	3.689% (building 10.2238%)	0.06%	0.00% (Interest tax factor for bonds sold to repay the federal UI loan)
<b>Puerto Rico*</b>	\$7,000***	1.0-5.4%	2.7%	none	

State	2022 taxable wage base	2022 range of SUI tax rates for merit-rated employers <sup>1</sup>	2022 rate for new employers <sup>6</sup>	2022 employee rate	2022 surcharge not reported on Form 940 <sup>2</sup>
<b>Rhode Island*</b> (Rate notices are expected to mail by 1-15-22)	\$24,600/26,100	0.99-9.59%	0.98%↑	None	0.21% <sup>3</sup> (Job Development Fund or JDF)
<b>South Carolina*</b> (Rate notices were mailed on 11-12-21)	\$14,000	0-5.4%	0.49%↓	None	0.06% <sup>3</sup> (Contingency Surcharge)  0.00% <sup>3</sup> (Solvency Surcharge)
<b>South Dakota*</b> (Rate notices were mailed on 10-29-21)	\$15,000	0-9.3%	1.2%, 1.0% (building 6%, 3%)	None	0.02% <sup>3</sup> (Administrative Fee Surcharge)  0-0.55% <sup>3</sup> (Investment Fee)
<b>Tennessee*<sup>8</sup></b> (Rate notices for fiscal year 2023 were mailed in August 2022)	\$7,000	0.01-10%	2.7% (no special industry rate)	None	None
<b>Texas*<sup>5</sup></b> (Rate notices are expected to mail the week of 1-10-22)	\$9,000	0.31-6.31%	2.7% (or industry average if higher)	None	0.10% <sup>3</sup> (Employment & Training Investment Assessment)  0.01% <sup>3</sup> (Bond Obligation Assessment Rate)
<b>Utah*</b> (Rate notices mailed on 11-19-21)	\$41,600↑	0.3-7.3%↑	1.0-7.3%↑	None	None
<b>Vermont*<sup>8</sup></b> (Rate notices were mailed in the first week of July 2022)	\$15,500↑	0.4%-5.4%↓ effective 7-01-22 to 6-30-23	1% (varies for certain industries)	None	None

# State unemployment insurance wage bases and tax rates for 2022

Continued

State	2022 taxable wage base	2022 range of SUI tax rates for merit-rated employers <sup>1</sup>	2022 rate for new employers <sup>6</sup>	2022 employee rate	2022 surcharge not reported on Form 940 <sup>2</sup>
<b>Virgin Islands*</b> 24 V.I.C. §308	\$30,800↓	2.5-5.4%↑	2%	None	\$25 per employee
<b>Virginia*<sup>5</sup></b> (Rate notices are typically mailed by the end of January)	\$8,000	0.33-6.43%	2.73%	None	None
<b>Washington*</b> (Rate notices mailed on 12-29-21, revised rate notices issued 03-31-22)	\$62,500	0.20-6.0%	115% of the industry average and a minimum of 1.0%	None	0.03% <sup>3</sup> (Employer Administrative Fund or EAF)
<b>West Virginia<sup>5</sup></b> (Rate notices mailed on 12-10-21)	\$9,000↓	1.5-8.5%	2.7% (building 8.5%)	None	None
<b>Wisconsin*<sup>5</sup></b> (Rate notices are typically mailed in mid-October)	\$14,000	0.0-12% (small employer); 0.05-12% (large employer)	3.05% (small employer) 3.25% (large employer) (building 2.5%, 2.7%)	None	None
<b>Wyoming*</b> (Rate notices are typically mailed by December 31)	\$27,700↑	0.35-10.0%↓	Varies	None	0.14% <sup>3</sup> ↓ (Employment Support Fund Factor)

## Footnotes:

\* See state-specific note below.

\*\* Survey results as of December 16, 2022. 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.

\*\*\* Estimated wage base. Final wage base not yet published by the state.

↑ Increase from prior year

↓ Decrease from prior year

(1) 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.

(2) 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.

- (3) The surcharge is shown separately on the quarterly contribution report (or billed on a separate notice).
- (4) The surcharge is combined with the unemployment tax rate on the quarterly contribution report. Deduct the surcharge when completing the Form 940 worksheet.
- (5) The wage base is set by law. Legislation is needed to change it.
- (6) "Building" refers to the construction industry.
- (7) 2022 SUI tax rate information is not yet available.
- (8) The state's SUI tax rates are in effect July 1 through June 30.

**Arizona**

Effective January 1, 2023, legislation ([SB 1828](#)/Chapter 412) will increase 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, will increase to \$320, up from \$240.

**Arkansas**

As a result of 2021 legislation ([HB 1409](#)/Act 368), the SUI taxable wage base for calendar year 2022 will remain \$10,000, the same as it was in 2021. Absent this legislation, and due to the continuing effect on the state's UI trust fund of the COVID-19 pandemic, the SUI wage base could have increased to \$11,000 or \$12,000 for 2022.

**Colorado**

[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.

The highest of seven rate schedules by law will be used to compute experience-rated employer tax rates for 2022; however, the 2022 tax rates will continue to consist solely of the base tax rates found in Colorado unemployment [law](#) (under the column heading "Reserve Ratio .000 to Deficit"). Due to SB 20-207, there are no fund-building surtaxes or additional rates added to the 2022 SUI base tax rate.

Issuance of the 2022 tax rate notices is delayed. As a result, employers that wish to protest the individual employer account information used in computing their 2022 tax rate may file a protest during the period of January 17, 2022, to February 7, 2022.



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# State unemployment insurance wage bases and tax rates for 2022

*Continued*

## **Connecticut**

2021 [HB 6633/Public Act 21-200](#) increases the taxable wage base for calendar year 2024 to \$25,000, up from the current \$15,000 and makes other changes to Connecticut's UI law. Beginning with calendar year 2025, the taxable wage base will be indexed each year for inflation. HB 6633 also, for calendar year 2024, expands the base rate schedule and reduces the fund solvency tax rate.

Other 2021 legislation ([HB 5377/Public Act 21-5](#)) requires that future tax rate computations not include UI benefit charges or taxable wages for the fiscal years ending June 30, 2020, and June 30, 2021. Similarly, the statewide benefits and taxable wages for calendar years 2020 and 2021 will be disregarded when calculating the 2022 tax rate that will apply to new employers. The legislation is effective for the computation of tax rates for tax years beginning January 1, 2022.

## **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.

## **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, as determined by the DEO. Also, UI benefit charges from the first and second quarters of 2021 may be decreased if EDR estimates the total tax collection for rate year 2022 will exceed \$475.5 million. Changes to the 2023-2025 SUI tax rate calculation are repealed if the trust fund reaches \$4,071,519,600 on June 1.

SB 50 also required the state make three deposits during 2021 to the UI trust fund balance. The funding comes from online sales tax collected from out-of-state e-commerce companies as required under SB 50. In addition, beginning July 2022, and on or before the 25th day of each of the following months, the DOR will distribute \$90 million monthly to the state's UI trust fund. The Department is required to end monthly distributions when the DOR receives certification from EDR that the ending balance of the UI trust fund exceeds \$4,071,519,600 or on December 31, 2025, whichever is earlier.

## **Hawaii**

2021 legislation ([HB 1278/Act 1](#)) froze the employer SUI tax rates for 2021-2022 at Rate Schedule D, rather than issuing SUI tax rates at Rate Schedule H, the highest schedule provided for under state law. The legislation also results in a lower new employer rate for 2021-2022 of 3.0%, rather than 5.2% under Rate Schedule H. Finally, HB 1278 requires that all UI benefits paid out during the pandemic be omitted when calculating the 2021-2022 tax rates.

## **Illinois**

The Fund Building Rate (a flat addition) increased to 0.525% for 2022, up from 0.475% for 2021. (*Historical rate [chart](#), 2012-2022.*)

Legislation enacted in 2020 ([HB 2455](#)) holds the increase to the State Experience Factor for 2022 to 16% above 2021's factor; as a result, the 2022 factor is held at 111% (up from 95% for 2021). Normally the factor would have been held at 22% over 2021, which would have made the factor 116% for 2022. Had no limit been provided for under Illinois law, the factor would have been 227%. Experience-rated employers whose contribution rate is higher than 5.400% and whose total quarterly wages are less than \$50,000 pay contributions at 5.4% in that quarter.

## **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). As a result, employer basic SUI tax rates continued to range from 0.5% to 7.4% for 2021. Under 2021 HB 6633, relief from UI benefit charges will be provided by crediting back to the employer's experience balance account any UI benefits charged to employers between March 13, 2020, and June 30, 2021, before the 2022 rate assessments are calculated. Calendar year 2020 relieved charges may be mutualized for calendar year 2022 rating purposes. Calendar year 2021 relieved charges may be mutualized for calendar year 2023 rating purposes.

The 2022 SUI rate information is available in the Indiana Unemployment Insurance Handbook ([p. 22-23.](#))



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### **Kansas**

2021 legislation ([HB 2196](#)), effective for tax year 2022, replaces the previous tax rate schedules with 13 new rate schedules geared toward restoring and maintaining UI trust fund solvency. The law also requires that the state deposit \$250 million in federal COVID-19 relief funds into the state's UI trust fund by July 15, 2021, and July 15, 2022, in an effort to limit the effect COVID-19 has had on the fund's balance. The law sets the 2022 tax rate schedule at new Standard Rate Schedule 7, with SUI tax rates ranging from 0.2% to 7.6%, and requires that no solvency credit or adjustment will apply.

### **Kentucky**

According to an UI tax representative, [Rate Schedule C](#) will be in effect for 2022. The taxable wage base is expected to continue to increase by \$300 each calendar year until it reaches \$12,000. For calendar years 2021-2022, the diversion of 0.075% to the service capacity upgrade fund (SCUF) is suspended due to the condition of the state's UI trust fund balance. As a result, employers will be given full credit for their 2021-2022 SUI contributions. (Email response to inquiry, 12-20-2021.)

### **Louisiana**

2021 legislation ([SB 89/Act 91](#)) requires that the taxable wage base remains at \$7,700 for 2022. The Louisiana State Legislature adopted a resolution in October 2020 ([SCR 9](#) – 2020 second extraordinary session) that suspended for 2021 the UI law provision that requires that a solvency tax of up to 30% be added to employer tax rates when the UI trust fund balance falls below \$100 million. 2021 Resolution [SCR 5](#) extends the suspension of the solvency tax through the 60th day following the end of the 2022 regular legislative session.

### **Maine**

The Unemployment Program Administrative Fund (UPAF) was created in 2021 to ensure adequate funding for the state's UI program ([2019 Chapter 616](#)). For 2022, the rate is 0.14%, up from 0.13% in 2021. This surcharge is not credited to employer accounts as SUI taxes and should not be used when calculating federal unemployment (FUTA) liability.

### **Maryland**

Legislation ([SB 811/Chapter 73](#)) required that Maryland Governor Larry Hogan deposit enough federal relief funds into the state's unemployment insurance (SUI) trust fund to ensure that Rate Schedule C, the midway point of SUI rate schedules under the state UI law, be in effect for calendar year 2022. The bill also requires that Rate Schedule C be used for calendar year 2023. SUI tax rates on Rate Schedule C range from 1.0% to 10.5%, down from 2.2% to 13.5% on Table F for 2021. Although 2021 SUI tax rates were assigned using the highest rate schedule per law, to attempt to mitigate the effect of COVID-19 UI benefit charges on employers, the 2021 tax rates were based on employer experience through July 1, 2019, instead of July 1, 2020. ([Governor's news release](#).)

### **Massachusetts**

Legislation ([HB 90, 2021 Chapter 9](#)) froze the 2021-2022 employer SUI tax rate schedule at the same as was in effect for 2020 ([Schedule E](#)). In accordance with legislation enacted on May 28, 2021, the Department of Unemployment Assistance (DUA) removed COVID-19-related charges from the solvency fund and charged them to a newly created account: the COVID-19 Employer Relief Account.

As a result, the 2021 solvency rate decreased from 9.23% to 1.12%. To account for the reduction in solvency rate, employers that were charged a solvency assessment on their 2021 rate notice will be credited back a portion of the solvency assessment to their account's experience-rating reserve balance, resulting in an adjusted 2021 UI rate. Adjusted 2021 UI rates are retroactive to January 1, 2021. ([Massachusetts Labor and Workforce Development letter, 7-15-2021](#).)

### **Michigan**

Starting in 2021 and continuing for 2022, the SUI taxable wage base increased to \$9,500 for all employers, up from the \$9,000 that had been in effect for the past several years for non-delinquent employers (\$9,500 was assigned to delinquent employers). This was because Michigan's UI trust fund balance fell below \$2.5 billion on June 30, 2020 and 2021.

### **Minnesota**

The 2022 tax rates will increase substantially due to the condition of the state's UI trust fund. 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. Because the trust fund was insolvent on March 31, 2021, the base tax rate for 2022 will be 0.50%, up from 0.1% for 2021 and there will be an additional assessment of 14% on the amount of SUI tax owed. The 0.5% base rate and the additional assessment of 14% were last in effect in 2013. [SF 192](#), Ch. 2 froze the 2021 tax rates to those assigned to employers for 2020.

# State unemployment insurance wage bases and tax rates for 2022

*Continued*

## **Mississippi**

2020 [SB 3051](#) reduced the general experience rate to 0% for calendar year 2021, with SUI rates ranging from 0.0% to 5.4%. The legislation also provides that UI benefit charges paid out for the period of March 8, 2020, to June 30, 2020, would be omitted when calculating the 2021-2023 tax rates, and that UI benefit charges paid out for the period of July 1, 2020, through December 31, 2020, would be omitted when calculating the 2022-2024 tax rates. The combined state workforce investment, Mississippi Works, and Workforce Enhancement Training surcharge continued at 0.2%.

Mississippi Governor Tate Reeves [announced](#) that he has signed ([SB 2723](#)) into law, holding the general experience rate portion of the 2022 state unemployment insurance (SUI) tax rates at 0%. As a result, the 2022 SUI tax rates range from 0.0% to 5.4%, unchanged from 2020 and 2021. 2022 SUI rate notices were delayed until mid-April 2022 to allow for the December 21, 2021 deposit of federal COVID-19 stimulus funds to the state's unemployment insurance (UI) trust fund to be taken into account.

## **Missouri**

Public Notice and Order [20-19](#) limited the calculation of the contribution rate adjustment (CRA)'s effect on employer 2022 SUI tax rates. A CRA is a percentage increase or decrease to the base SUI tax rate schedule that is based on the average balance of the state's UI trust fund. Each year, SUI tax rates may be based solely on the base rate schedule; increased by 10%, 20% or 30%; or reduced by 7% or 12%. For calendar years 2021 and 2022, the CRA is a -12%, the lowest rate schedule allowed by law. Normally, the average UI trust fund balance for four quarters determines the CRA. Due to Order 20-19, the state only looked at the trust fund balance for the second and third quarters of 2021 to determine the CRA for 2022. The 2022 base rates have been computed as normal; only the CRA computation is affected. This allows the state to partially exclude the effect of COVID-19 on the UI trust fund balance on employer SUI tax rates for 2022.

## **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 Hampshire**

For all of 2021 and the first quarter of 2022, tax rates for positive-balanced employers do not include the 0.5% emergency power surcharge that was in effect for third and fourth quarter 2020. This reduction is the result of a previous deposit of CARES Act funds into the state's UI trust fund. This also forestalled the need to increase the emergency power surcharge to 1.0% as of the fourth quarter 2020.

As a result, positive-balanced employers' SUI tax rates ranged from 0.1% to 2.7% on basic Rate Schedule I for all of 2021 and the first quarter of 2022. New employers pay at a basic SUI tax rate of 2.7%.

Negative-balanced employers continued to be assessed the inverse rate surcharge of 1.5%, which was added to their base rate for all of 2021 and the first quarter of 2022. As a result, employers that have been negatively balanced for three or less years have SUI tax rates ranging from 4.3% to 8.0% on Rate Schedule II. Employers that had a negative account balance for four or more years are assigned SUI tax rates on Rate Schedule III, with rates ranging from 4.8% to 8.5%.

## **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.

Absent AB 4853, it is estimated that the highest rate schedule, Schedule E+, would have been in effect for fiscal year 2022, with rates ranging from 1.3% to 7.7%.

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

- ▶ For fiscal year 2022 (July 1, 2021, to June 30, 2022) the assignment of SUI tax rates moved from the fiscal year 2021 Rate Schedule B, with rates ranging from 0.4% to 5.4%, to Rate Schedule C, with rates ranging from 0.5% to 5.8%.
- ▶ 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%.



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### **New Mexico**

Legislation enacted during the state's first 2020 special session ([SB 3/Chapter 6](#)) mandated that COVID-19 UI benefits paid during the period of March 1, 2020, through June 30, 2021, be omitted from the calculation of employers' base 2021-2022 SUI tax rates, excess claims premiums and excess claims rates.

SB 3 also provided that the reserve factor used in the computation of the 2021 employer SUI tax rates was frozen at the same figure as was used for calendar year 2020. Over 50,000 contributory employers had their 2021 SUI tax rate reviewed and recalculated omitting UI benefit charges, taxable wages and contributions for the period of March 1, 2020, through June 30, 2020. Revised rate notices were issued to employers. The recalculations were the result of reports of large percentage increases in the original 2021 SUI experience tax rates.

A New Mexico Department of Workforce representative confirmed that the base SUI tax rates for 2022 will continue to range from 0.33% to 6.4% for experience-rated employers and from 1.0% to 1.31% for new employers. New employers pay at the rate of 1.0% or the industry [average](#), whichever is greater. A "reserve factor" is multiplied by the individual experience-rated employer's benefit ratio and used to determine the employer's total tax rate. The reserve factor has not yet been released by the Department. Tax rate notices are typically issued in November for the following calendar years. (*Email response to inquiry, 10-12-2021.*)

### **North Carolina**

The 2022 North Carolina SUI tax rates continue to range from 0.06% to 5.76%. The new employer rate remains at 1.0%. (*Email response to inquiry, 12-21-2021.*)

2021 legislation ([SB 311/Ch. SL 2021-178](#)) freezes the base contribution rate, one of the factors used to calculate an employer's unemployment insurance tax rate for the year, at 1.9% for 2022. Legislation enacted in 2021 ([SB 114/SL 2021-5](#)) also set the base rate at 1.9%, down from 2.4%, resulting in revised 2021 tax rates for most experience-rated employers. The base contribution rate is one of the factors used to calculate an employer's SUI tax rate for the year.

### **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%. Oklahoma Governor Kevin Stitt directed that \$100 million in CARES Act funds be allocated to the state's UI trust fund in October-November 2020, which averted the need for employers to pay the fund-building surcharge and helped to ensure the agency did not have to borrow from the federal government to continue to pay UI benefits. Another \$20 million was subsequently deposited, according to the state's coronavirus relief fund expenditures [website](#). (*Oklahoma governor's 2020 year-end report, page 66.*)

State legislation ([SB 789](#)) enacted in April 2021 allows the OESC during a declared state of emergency to claim up to 25% of federal emergency relief funds to reduce or eliminate the fund-building surcharge if the trust fund falls below \$25 million in the future. Under the law, the agency may also allow the balance to remain at less than \$25 million but not less than \$10 million before the surcharge goes into effect. When a state of emergency is not in effect and has not had a direct impact of the UI trust fund, the OESC would be required to assess a fund-building surcharge sufficient to keep the trust fund balance at \$25 million.

The diversion of 5% of employers' tax rates continues for 2021 and 2022, with proceeds going to the OESC technology fund to allow the agency to modernize its business processes and technology. The diversion is in effect for calendar years 2018-2022. Employers assigned the maximum SUI tax rate are not subject to this diversion.

### **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 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.

### **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.

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# State unemployment insurance wage bases and tax rates for 2022

*Continued*



## **Rhode Island**

To help prevent an increase in taxes for Rhode Island employers, Governor Dan McKee issued [Executive Order 21-102](#) providing the Department with flexibility in deciding the calculation date for the new tax rates. This allowed for the UI trust fund to accumulate a sufficient balance before the new rates were calculated in November.

As a result of Executive Order 21-102, Schedule H with rates ranging from 1.2% to 9.8% will remain in effect throughout calendar year 2022. The rate for new employers, which is based on the state's five-year benefit cost rate for new employers, will be 1.19%. These rates include the 0.21% Job Development Assessment.

Governor McKee also issued [Executive Order 21-117](#), allowing the Department to hold the UI taxable wage base at the same level as it was in 2021. Accordingly, in 2022 the UI taxable wage base for most Rhode Island employers will remain at \$24,600. For those employers at the highest tax rate, the UI taxable wage base will be set \$1,500 higher at \$26,100. (*Rhode Island Department of Labor & Training news release.*)

## **South Carolina**

Due to a 2020 transfer of federal CARES Act funds to the state's UI trust fund, and because the trust fund had a balance of approximately \$1.19 billion as of the rate computation date, employer tax rates will continue to be based on the same rate schedule as for 2020 and 2021 and there will be no solvency surcharge added to employer tax rates.

## **South Dakota**

2022 SUI tax rates were provided via email from the South Dakota Department of Labor.

## **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. If the SUI trust fund balance continues to exceed \$850 million as of December 31, 2021, SUI tax rates will continue to range from 0.01% to 10.0% on Premium Rate Table 6 for the first two quarters of 2022.

### Texas

On November 23, 2021, the Texas Workforce Commission (TWC) **announced** that the 2022 tax rates would be set at a stable level to avoid a significant increase over 2021. This action is a result of the statutory authority of the TWC and was supported by funding from **SB 8**, passed during the third 2021 special session of the legislature.

SB 8 also authorized the appropriation of roughly \$7.2 billion for deposit to the state's UI trust fund to pay off the state's federal UI trust fund loan and return the UI trust fund to a level to hold the 2022 tax rates steady.

Per the TWC, these rate factors will be in effect for 2022:

- ▶ UI replenishment tax rate of 0.20%
- ▶ Obligation assessment of 0.01% (the obligation assessment was set to 0.01% for the recovery of federal interest due on federal Title XII loans)
- ▶ Deficit tax rate of 0.0%

According to a TWC tax representative, the 2022 tax rate notices are expected to be mailed to employers during the week of January 10, 2022.

### 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. Legislation (**SB 5007**) enacted in 2020 held the social cost rate to 0.2% for 2021. 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 must 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.

### Virgin Islands

Legislation (**2019 Bill No. 33-0090**) changed the method of determining employer SUI tax rates from a flat 2.5%, assigned to most employers, to a payroll variation system which is similar to Alaska's rating system. Additionally, a fund solvency rate may be added to the base rate, which will be based on the solvency of the territory's UI trust fund.

### Virginia

Under budget legislation (**HB 7001**), enacted during Virginia's 2021 second special legislative session, calendar year 2022 tax rates must be computed without all regular UI benefits charged for the period of April 1, 2020, through June 30, 2021. In addition, employer 2022 SUI tax rates (and the pool charge portion of the tax rate) cannot exceed the SUI tax rates assigned to individual employers for calendar year 2021. HB 7001 also requires that \$862 million be deposited in the state's UI trust fund.

Had HB 7001 not been enacted, the Virginia Employment Commission estimated that the 2022 SUI tax rates could have increased four-fold. (*News [release](#), news [release](#), governor's office; Virginia Employment Commission UI trust fund projection 6-2021.*)

### Washington

2021 **SB 5061** reduced the 2021 SUI tax rates for experience-rated employers, and revised 2021 SUI tax rate notices were issued in late February 2021. The average SUI experience tax rate for 2021 went down to 1.06% (a 38% tax cut).

Additionally, under SB 5061, the computation of the "graduated social cost factor" portion of employer SUI tax rates, which is based on costs from the previous year for benefit payments that can't be attributed to specific employers, was based on a flat multiplier of 0.5% for 2021 and will be not more than 0.75% for 2022, 0.8% for 2023, 0.85% for 2024 and 0.9% for 2025.

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 insufficient 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.

2021 **SB 5478** establishes a UI Relief Account and provides tax rate relief to certain categories of employers; go here for a description of the relief available to certain employers.

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# State unemployment insurance wage bases and tax rates for 2022

*Continued*



## **West Virginia**

Within Governor Jim Justice's [announcement](#) regarding the repayment of the state's federal UI loan, he stated that employers are predicted to save 25% in 2022. According to a senior Workforce West Virginia representative, to achieve the 25% savings in 2022, Governor Justice intends to reduce the SUI taxable wage base from \$12,000 to \$9,000, which would require legislation to implement. (*Email response to inquiry, 9-27-2021.*)

## **Wisconsin**

2021 [AB 406/Act 59](#) mandates that Rate Schedule D, the lowest by law, be used for calendar years 2022-2023. The Act also required that \$120 million in appropriations be transferred to the state's UI trust fund for the biennium budget years of 2021-2023.

## **Wyoming**

Executive Order (EO) [2021-08](#) supersedes a previous executive order regarding the non-charge to employer accounts of COVID-19 UI benefits. Under the new order, all UI benefits paid to UI benefit claimants for the period of March 13, 2020, to December 31, 2020 were not charged to employer accounts, not just those that were attributable to COVID-19.

Executive Order 2021-08 also allows for an additional \$58 million in federal COVID-19 relief money to be deposited into the state's UI trust fund if needed to ensure that employer SUI tax rates not increase for 2022 and that the trust fund continues to be solvent. (*Governor Mark Gordon's news [release](#), 10-15-2021; EO 2021-08, superseding EO [2020-12](#); governor's executive order [webpage](#).*)

# 2022 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 11 jurisdictions (California, Connecticut, Colorado, District of Columbia, Massachusetts, New Hampshire, New Jersey, New York, Oregon, Rhode Island and Washington) are now operating, or will soon be operating, paid family and medical leave (PFML) insurance programs.

Depending on the jurisdiction, the employee may pay all contributions to the SDI and/or PFML 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 and PFML rates and taxable wage limits for 2022 based on information currently available.

## State disability and paid family and medical leave insurance

Tax year 2022

State/jurisdiction	Employee contribution	Employer contribution	Taxable wage limit if applicable (1)
<b>California</b>			
Disability	1.1%	None	\$145,600
Paid family and medical leave	Included in disability	N/A	Included in disability
<b>Connecticut</b>			
Disability	None	None	None
Paid family and medical leave	0.5%	None	\$147,000 (2022 Social Security wage limit)
<b>Colorado</b>			
Disability	None	None	None
Paid family and medical leave	50% of 0.9% (effective 1-1-23; for employers of 10 or more, employees pay 50%; if fewer than 10 employees, employees pay 100%)	50% of 0.9% (effective 1-1-23; for employers of 10 or more, employees pay 50%; if fewer than 10 employees, employers pay 0%)	\$147,000 (2022 Social Security wage limit)
<b>District of Columbia</b>			
Disability	None	None	None
Paid family and medical leave	None	0.62%	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. The maximum weekly contribution is \$6	Difference between cost and worker's contribution	\$1,200.30 (weekly)
Paid family and medical leave	None	None	None

# 2022 state disability and paid family leave insurance wage base and rates

Continued

State/jurisdiction	Employee contribution	Employer contribution	Taxable wage limit if applicable (1)
<b>Massachusetts (4)</b>			
Disability	None	None	None
Paid family and medical leave	Family leave: 0.12% Medical leave: 0.224%	If 25 or more employees: Family leave: 0.00% Medical leave: 0.336% If fewer than 25 employees: Family leave: 0.00% Medical leave: 0.00%	\$147,000 (Social Security wage limit)
<b>New Hampshire</b>			
Disability	None	None	None
Paid family and medical leave	Effective January 1, 2023, employees may opt in to 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 (3)</b>			
Disability	None	New employers pay 0.5% of taxable wages if in state plan; otherwise, experience rating applies	\$151,900 (\$39,800 for employers)
Paid family and medical leave	0.14%	None	\$151,900
<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 and medical leave	0.511% (maximum of \$423.71 per year)	None	\$1,594.57 (weekly)
<b>Oregon</b>			
Disability	None	None	None
Paid family and medical leave	60% of 1.0% (effective 1-1-23, for employers of 25 or more, employees pay 60%; if fewer than 25 employees, employees pay 100%)	40% of 1.0% (effective 1-1-23; for employers of 25 or more, employees pay 40%; if fewer than 25 employees, employers pay 0%)	\$147,000 (Social Security wage limit)



State/jurisdiction	Employee contribution	Employer contribution	Taxable wage limit if applicable (1)
<b>Puerto Rico (2)</b>			
Disability	0.3%	0.3%	\$9,000
Paid family and medical leave	None	None	None
<b>Rhode Island</b>			
Disability	1.1%	None	\$81,500
Paid family and medical leave	Included in disability	N/A	Included in disability
<b>Washington</b>			
Disability	None	None	None
Paid family and medical leave	0.6% (employees employed by employers with 50+ employees pay 26.78% of the premium)	Employers with 50+ employees pay 73.22% of the total premium of 0.6%	\$147,000 (Social Security wage limit)

#### Footnotes:

- (1) Represents maximum annual earnings unless another period is specified. Where the employer contribution is stated as a percentage, the taxable wage limit applies.
- (2) Puerto Rico. Not anticipated to change for 2022.
- (3) New Jersey. Legislation (A 3975), effective January 1, 2020, separated the computation of the temporary disability and family leave insurance taxable wage base from that of the state unemployment insurance taxable wage base.
- (4) Massachusetts. According to guidance issued by the Massachusetts Department of Family and Medical Leave, the total rate for 2022 is 0.75% for employers 25 or more covered employees and 0.344% for employers with fewer than 25 employees (because the medical portion does not apply to the employer).



# Federal income tax withholding for 2022

This IRS released the 2022 [Publication 15, Circular E, Employer's Tax Guide](#) and [Publication 15-T, Federal Income Tax Withholding Methods](#).

The formulas and tables used in computing federal income tax withholding are moved from Publication 15 to the new Publication 15-T. 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 2022 Form W-4, only newly hired employees who first receive wages in 2022, employees who claimed exemption from withholding in 2021 and employees who wish to change their Form W-4 in 2022. Accordingly, 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 2022 annual percentage withholding tables for automated payroll systems are reproduced at right.

## 2022 annual percentage withholding tables for automated payroll systems

Percentage Method Tables (Use these if the Form Wt4 is from 2019 or earlier)				
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	\$ 13,000	\$ 0.00	0%	\$ 0
\$ 13,000	\$ 33,350	\$ 0.00	10%	\$ 13,000
\$ 33,350	\$ 96,550	\$ 2,055.00	12%	\$ 33,350
\$ 96,550	\$ 191,150	\$ 9,615.00	22%	\$ 96,550
\$ 191,150	\$ 353,100	\$ 30,427.00	24%	\$ 191,150
\$ 353,100	\$ 444,900	\$ 69,295.00	32%	\$ 353,100
\$ 444,900	\$ 660,850	\$ 98,671.00	35%	\$ 444,900
\$ 660,850		\$ 174,253.50	37%	\$ 660,850
<b>Single or married filing separately</b>				
\$ 0	\$ 4,350	\$ 0.00	0%	\$ 0
\$ 4,350	\$ 14,625	\$ 0.00	10%	\$ 4,350
\$ 14,625	\$ 46,125	\$ 1,027.50	12%	\$ 14,625
\$ 46,125	\$ 93,425	\$ 4,807.50	22%	\$ 46,125
\$ 93,425	\$ 174,400	\$ 15,213.50	24%	\$ 93,425
\$ 174,400	\$ 220,300	\$ 34,647.50	32%	\$ 174,400
\$ 220,300	\$ 544,250	\$ 49,335.50	35%	\$ 220,300
\$ 544,250		\$ 162,718.00	37%	\$ 544,250

### Standard Withholding Rate Schedule

(Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 IS NOT checked.)

If the Adjusted Annual Wage Amount on Worksheet 1A or Adjusted Annual Payment on Worksheet 1B 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	\$ 13,000	\$ 0.00	0%	\$ 0
\$ 13,000	\$ 33,550	\$ 0.00	10%	\$ 13,000
\$ 33,550	\$ 96,550	\$ 2,055.00	12%	\$ 33,550
\$ 96,550	\$ 191,150	\$ 9,615.00	22%	\$ 96,550
\$ 191,150	\$ 353,100	\$ 30,427.00	24%	\$ 191,150
\$ 353,100	\$ 444,900	\$ 69,295.00	32%	\$ 353,100
\$ 444,900	\$ 660,850	\$ 98,671.00	35%	\$ 444,900
\$ 660,850		\$ 174,253.50	37%	\$ 660,850
<b>Single or married filing separately</b>				
\$ 0	\$ 4,350	\$ 0.00	0%	\$ 0
\$ 4,350	\$ 14,625	\$ 0.00	10%	\$ 4,350
\$ 14,625	\$ 46,125	\$ 1,027.50	12%	\$ 14,625
\$ 46,125	\$ 93,425	\$ 4,807.50	22%	\$ 46,125
\$ 93,425	\$ 174,400	\$ 15,213.50	24%	\$ 93,425
\$ 174,400	\$ 220,300	\$ 34,647.50	32%	\$ 174,400
\$ 220,300	\$ 544,250	\$ 49,335.50	35%	\$ 220,300
\$ 544,250		\$ 162,718.00	37%	\$ 544,250
<b>Head of household</b>				
\$ 0	\$ 10,800	\$ 0.00	0%	\$ 0
\$ 10,800	\$ 25,450	\$ 0.00	10%	\$ 10,800
\$ 25,450	\$ 66,700	\$ 1,465.00	12%	\$ 25,450
\$ 66,700	\$ 99,850	\$ 6,415.00	22%	\$ 66,700
\$ 99,850	\$ 180,550	\$ 13,708.00	24%	\$ 99,850
\$ 180,550	\$ 226,750	\$ 33,148.00	32%	\$ 180,550
\$ 226,750	\$ 550,700	\$ 47,836.00	35%	\$ 226,750
\$ 550,700		\$ 161,218.50	37%	\$ 550,700



# Federal income tax withholding for 2022

Continued

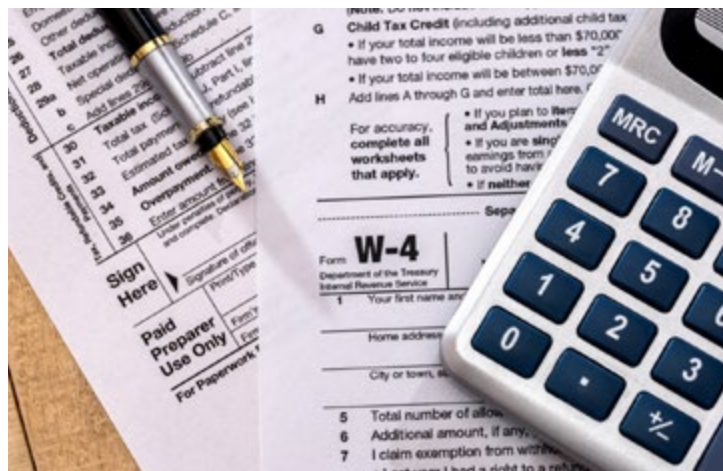
## Personal allowance value is \$4,300 when figuring income tax for Forms W-4 from 2019 or earlier years

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 2022, multiply each personal allowance claimed on the employee's Form W-4 by \$4,300. (*Publication 15-T, page 61.*)

## 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 2.*)

- ▶ If you first paid wages to an employee in 2022, including an employee who was rehired in 2022, 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 2022 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 2021, and (2) they expect to have no federal income tax liability in 2022.

## 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. 23.*)

## Nonresident alien employee income tax withholding adjustment for 2022

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	\$ 33.30
Weekly	\$ 166.30
Biweekly	\$ 332.70
Semimonthly	\$ 360.40
Monthly	\$ 720.80
Quarterly	\$2,162.50
Semiannually	\$4,325.00
Annually	\$8,650.00

Table 2: Form W-4 for 2020 or later is on file	
Payroll period	Add additional
Daily or miscellaneous	\$ 49.80
Weekly	\$ 249.00
Biweekly	\$ 498.10
Semimonthly	\$ 539.60
Monthly	\$ 1,079.20
Quarterly	\$ 3,237.50
Semiannually	\$ 6,475.00
Annually	\$12,950.00

### 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 2022



To assist you in reviewing your state income tax withholding rates for 2022, on the following page is a chart of the most recent income tax withholding tables published by states and US territories and the supplemental withholding rate if allowed.

## Supplemental withholding rate

Similar to the federal supplemental income tax withholding rate, most states 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, equity compensation and separation pay.

Employers may optionally use a federal flat rate of income tax federal withholding of 22% on supplemental wages up to \$1 million for the year; however, a mandatory flat rate of 37% applies to supplemental wages in excess of \$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. (*IRS Reg. §31.3402(g)-1.*)

See [Publication 15-T](#) for the 2022 federal income tax withholding tables.

The state supplemental income tax withholding rates currently available for 2022 are shown in the chart below. The chart also shows if the state has a flat tax rate, meaning only one rate of tax applies regardless of the wages paid; or alternatively, the highest marginal withholding rate according to the state's latest computer withholding formula.

## 2022 state income tax withholding tables, supplemental withholding rates and highest tax rates (as of December 16, 2022)

Click on the jurisdiction names below to view the latest income tax withholding.

Changes from 2021 are highlighted in yellow.

Jurisdiction	Last revision date of income tax withholding tables	Supplemental withholding rate	Flat income tax rate	Highest marginal withholding rate
<a href="#">Alabama*</a>	4-1-22	5%	N/A	5%
<a href="#">American Samoa</a>	1-1-07	N/A	N/A	27%
<a href="#">Arizona*</a>	1-1-2022 (retro)	N/A	N/A	2.98% (A flat tax of 2.5% applies effective 1-1-23)
<a href="#">Arkansas*</a>	1-1-21	5.5% (4.9% effective 10-1-22)	N/A	5.5% (4.9% effective 10-1-22 under SB 1)
<a href="#">California*</a>	1-1-22	6.60% and 10.23% on bonus and stock options	N/A	14.63%
<a href="#">Colorado</a>	1-1-22	N/A	4.40% (reduced from 4.5% retroactively by voters under Proposition 121)	N/A
<a href="#">Connecticut*</a>	1-1-22	N/A	N/A	6.99%
<a href="#">Delaware</a>	1-1-14	5% is recommended for deferred compensation payments	N/A	6.60%
<a href="#">District of Columbia</a>	1-1-18	N/A	N/A	8.95% (Note that effective 1-1-22, the highest income tax rate is 10.75% under D.C. Act 24-178; however, the withholding tables do not reflect this change)
<a href="#">Georgia</a>	1-1-22 Annual wages under \$8,000 \$8,000-\$10,000 \$10,001-\$12,000 \$12,001-\$15,000 over \$15,000	2% 3% 4% 5% 5.75%	N/A	5.75% (HB 1437 replaces the current 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.)

# State income tax withholding tables, supplemental withholding rates and highest withholding tax rates for 2022

Continued

Jurisdiction	Last revision date of income tax withholding tables	Supplemental withholding rate	Flat income tax rate	Highest marginal withholding rate
<a href="#">Hawaii</a>	9-13-21	N/A	N/A	7.9% (top individual tax rate is 11%)
<a href="#">Idaho*</a>	6-15-22	6.0%	N/A	6.0%
<a href="#">Illinois</a>	1-1-22	N/A	4.95%	N/A
<a href="#">Indiana</a>	1-1-22 (For the county income tax rates effective 10-1-22 go <a href="#">here</a> )	N/A	3.23% plus local income tax rate ( <a href="#">HB1002</a> lowers the tax rate to 3.15% for 2023 and 2024)	N/A
<a href="#">Iowa*</a>	1-1-22	6%	N/A	8.53% ( <a href="#">House File 2317</a> phases down individual income tax rates over the next four years to a flat rate of 3.9% by tax year 2026)
<a href="#">Kansas*</a>	6-21-21	5%	N/A	5.70%
<a href="#">Kentucky</a>	1-1-22	N/A	5% (The Kentucky Department of Revenue <a href="#">announced</a> that for 2023 the rate will be reduced to 4.5% and the standard deduction will increase from \$210 to \$2,980.)	N/A
<a href="#">Louisiana</a>	1-1-22	N/A	N/A	4.25%
<a href="#">Maine*</a>	1-1-22	5%	N/A	7.15%
<a href="#">Maryland*</a>	1-1-22	Use the rate at the bottom of the local tax table; 3.2% for residents of Maryland working in Delaware and other nonreciprocal states	N/A	Use the rate at the bottom of the local tax table; 3.2% for residents of Maryland working in Delaware and other nonreciprocal states
<a href="#">Massachusetts</a>	1-1-20	N/A	5%	N/A
<a href="#">Michigan</a>	1-1-22	N/A	4.25%	N/A
<a href="#">Minnesota*</a>	1-1-22	6.25%	N/A	9.85%
<a href="#">Mississippi</a>	10-1-20	N/A	N/A	5%



Jurisdiction	Last revision date of income tax withholding tables	Supplemental withholding rate	Flat income tax rate	Highest marginal withholding rate
Missouri*	1-1-22	5.30%		5.30% The Missouri Department of Revenue has <a href="#">announced</a> that effective retroactive to 1-1-22, the income brackets used to determine the applicable individual income tax rate are updated for inflation. The changes do not impact on the tax rates. These changes will be reflected on the 2022 Missouri personal income tax return.
Montana*	1-1-21	6%	N/A	6.60%
Nebraska*	1-1-22	5%	N/A	6.95% (LB 873 enacted in 2022 would gradually lower the income tax rates starting in 2023)
New Jersey	1-1-21	N/A	N/A	11.80%
New Mexico*	1-1-22	5.90%	N/A	5.90%
New York*	1-1-22	11.70% (New York City is 4.25%, Yonkers resident is 1.95975%, Yonkers nonresident is 0.50%.)	N/A	11.70%
North Carolina	1-1-22	N/A	5.09%	N/A
North Dakota*	1-1-22	1.84%	N/A	2.90%
Ohio*	9-1-21	3.5%	N/A	5.009% (Note that the highest individual tax rate is 3.99% as adjusted by <a href="#">House Bill 110</a> and effective 1-1-2021)
Oklahoma*	1-1-22	4.75%	N/A	4.75%
Oregon*	1-1-22	8%	N/A	9.90%
Pennsylvania	3-1-14	N/A	3.07% plus employee unemployment insurance tax rate of 0.06% and local tax rate.	N/A

# State income tax withholding tables, supplemental withholding rates and highest withholding tax rates for 2022

Continued

Jurisdiction	Last revision date of income tax withholding tables	Supplemental withholding rate	Flat income tax rate	Highest marginal withholding rate
Puerto Rico	1-1-17	N/A	N/A	33%
Rhode Island*	1-1-22	5.99%	N/A	5.99%
South Carolina	1-1-22	N/A	N/A	7% (The top tax rate was reduced for 2022 to 6.5% under S. 1087 but the withholding tables do not reflect this change.)
Utah	3-1-22	N/A	4.85% (previously 4.95% and changed retroactively to January 1, 2022 under SB 59)	N/A
Vermont*	1-1-22	30% of federal income tax withholding	N/A	8.75%
Virginia*	10-1-22 (The withholding formula was revised to reflect a change in the standard deduction amount.)	5.75%	N/A	5.75%
West Virginia	1-1-07 Annual wages under \$10,000 \$10,000-\$25,000 \$25,000-\$40,000 \$40,000-\$60,000 over \$60,000	3% 4% 4.50% 6% 6.50%	N/A	6.50%
Wisconsin*	1-1-22 Annual wages under \$12,760 \$12,760-\$25,520 \$25,520-\$280,950 \$280,950 and over	3.54% 4.65% 5.30% 7.65%	N/A	7.65%

## Legend

\*See notes below.

### Alabama

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

### Arizona

Effective January 1, 2021, the highest marginal tax rate is 4.5% plus a 3.5% surcharge on income exceeding \$250,000 (\$500,000 for married and head of household). (*Arizona Rev. Stat. Ann. 43-1011.*)

Under [SB 1828](#) and effective January 1, 2022, the law creates a two-tier individual income tax rate structure of 2.55% and 2.98% depending on filing status and taxable income and, if general fund revenue thresholds are met, a reduced two-tier individual income tax rate structure of 2.53% and 2.75% or a 2.5% tax rate beginning in 2023.

### **Arkansas**

The supplemental withholding rate is 5.9%. (*Arkansas Department of Finance and Administration, Withholding Tax, 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). (*2022 California Employer's Guide, p. 15.*)

### **Connecticut**

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

### **Idaho**

The supplemental rate of withholding is 6.5%. (*Idaho State Tax Commission, Computing Withholding.*)

### **Iowa**

The supplemental rate of withholding is 6%. (*Iowa Withholding Tax Information.*)

### **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.

### **Minnesota**

The supplemental rate of withholding is 6.25%. (*Minnesota Income Tax Withholding, Instruction Booklet and Tax Tables, p.7.*)

### **Missouri**

The supplemental rate of withholding is 5.3%. (*2022 Missouri Withholding Tax Formula, p.1.*)

### **Montana**

The highest withholding rate is 6.6% and the supplemental rate of withholding is 6%. (*Withholding Tax Guide with Montana Withholding Tax Tables, p.2.*) Under [SB 159](#), and effective January 1, 2022, the top marginal income tax rate is reduced from 6.9% to 6.75%.

### **Nebraska**

The supplemental withholding rate is 5%. (*2022 Nebraska Circular EN, p.9.*)

### **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 Mexico**

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

### **North Dakota**

The supplemental withholding rate is 1.84%. (*2022 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.*)

The Ohio Department of Taxation (DOT) has released the [2022 Ohio Employer and School District Withholding Tax Filing Guidelines](#) and the [School District Income Tax Rates for 2022](#).

### **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. (*Vermont Income Tax Withholding Instructions, Tables and Charts, p.3.*)

### **Virginia**

The supplemental withholding rate is 5.75%. (*Virginia Income Tax Withholding Guide For Employers, p.10.*)

### **Wisconsin**

The supplemental withholding method is explained in the *Wisconsin Withholding Tax Guide, p.24.*

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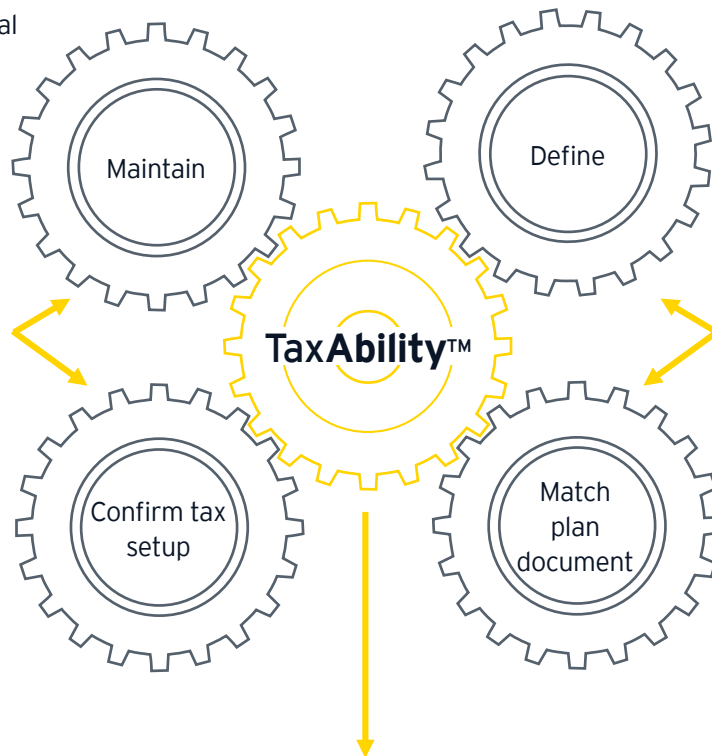
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