

A close-up, artistic photograph of a glass hourglass with silver sand falling from the top bulb into the bottom bulb. The background is a blurred office setting with people working at desks.

US employment tax rates and limits for 2019

Preliminary as of January 15, 2019



Building a better
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Contents

Social Security wage base for 2019	1
Qualified pension plan limits for 2019	2
Health Savings Account limits for 2018 and 2019	3
Fringe-benefit inflation adjustments for 2019	4
Federal mileage rates for 2019	5
Per diem rates under high-low substantiation method for 2019	6
2018 FUTA credit reduction states	8
State unemployment insurance wage base limits for 2016 through 2019	10
Disability and paid family leave insurance wage base and rates for 2019	12
Federal income tax withholding for 2019	14
2019 state supplemental income tax withholding rates	16
State income tax withholding tables for 2019	18

Social Security wage base for 2019

The Social Security wage base will increase from \$128,400 to \$132,900 in 2019, higher than the \$132,300 projected in the June 2018 Annual Report of The Board of Trustees. (See *EY Payroll NewsFlash*, Vol. 19, #097, 6-7-2018; *OASDI and SSI program rates & limits, 2019*.)

The Medicare tax rate for 2019 remains at 1.45% of all covered earnings for employers and employees. For wages in excess of \$200,000, the Additional Medicare Tax of 0.9% applies to earned income of more than \$200,000 (\$250,000 for married couples filing joint). While employers are required to withhold the additional 0.9% on covered wages in excess of \$200,000, there is no employer matching contribution.

For a quick reference chart see below.

For the federal and state rates and limits for 2018 see our [special report](#).

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

Social Security, Medicare and disability insurance contributions 2019 compared to 2018

Description	2019	2018	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	\$132,900.00	\$128,400.00	\$4,500.00
Maximum Social Security tax for employees	\$8,239.80	\$7,960.80	\$279.00
Medicare tax rate for employers	1.45%	1.45%	-0-
Medicare tax rate for employees	1.45*	1.45%	-0-
Medicare tax rate for employees on wages above \$200,000*	2.35%	2.35%	-0-
Medicare wage base	No limit	No limit	N/A

* Employers must withhold an Additional Medicare Tax of .9% of wages in excess of \$200,000. There is no employer matching contribution.



Qualified pension plan limits for 2019

The dollar limitations for qualified retirement and certain non-qualified plans that become effective January 1, 2019, were released by the IRS in [Notice 2018-83](#).

The dollar limitations adjusted by reference to IRC §415(d) are modified annually for inflation and consequently, most of them are changed for 2019.

Of particular note, the 2019 pretax limit that applies to elective deferrals to 401(k), 403(b) and most 457(b) plans is increased to \$19,000, up from \$18,500 in 2018. The dollar limitation for catch-up contributions for participants age 50 or over is unchanged at \$6,000.

Plan participants in qualified retirement plans will need to consider the impact of the 2019 dollar limitations 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 2019 are provided on the following pages.

Qualified retirement plan limitations (2018 vs. 2019)

Description	2018	2019
Participant pretax contribution limit for 401(k) and 403(b) plans Section 402(g)(1)	\$18,500	\$19,000
Deferral limit for deferred compensation plans of state and local governments and tax-exempts Section 457(e)(15)	\$18,500	\$19,000
Dollar Limitation for Catch-Up Contributions for Participants Age 50 or over in 401(k), 403(b), governmental 457 plans and SEPs Section 414(v)(2)(B)(i)	\$6,000	\$6,000
Dollar Limitation for Catch-Up for Participants Age 50 or over Contributions to a SIMPLE IRA or a SIMPLE 401(k) Section 414(v)(2)(B)(ii)	\$3,000	\$3,000
Defined Benefit Plan Limit ¹ Section 415(b)(1)(A)	Lesser of \$220,000 or 100% of the participant's 3-year-high compensation	Lesser of \$225,000 or 100% of the participant's 3-year-high compensation
Defined Contribution Plan Limit Section 415(c)(1)(A)	Lesser of \$55,000 or 100% of participant's compensation	Lesser of \$56,000 or 100% of participant's compensation
Maximum ESOP account balance subject to a 5-year distribution period/increments for additional year Section 409(o)(1)(C)(ii)	\$1,105,000/\$220,000	\$1,130,000/\$225,000
Highly Compensated Employee dollar threshold Section 414(q)(1)(B)	\$120,000	\$125,000
Definition of Key Employee in a Top-Heavy Plan—officer compensation threshold Section 416(i)(1)(A)(i)	\$175,000	\$180,000
Annual limit on includible compensation for benefits and allocations ² Sections 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii)	\$275,000	\$280,000
SEP employee participation floor Section 408(k)(2)(C)	\$600	\$600
Simple Retirement Accounts contribution limit Section 408(p)(2)(E)	\$12,500	\$13,000
Compensation amount of control employees for fringe benefit valuation purposes Treas. Reg. Section 1.61-21(f)(5)(i) and (iii)	\$110,000/\$220,000	\$110,000/\$225,000

Footnotes

¹ For a participant who separated from service before January 1, 2019, 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 2018, by 1.0264.

² For eligible participants in certain governmental plans that allow cost of living adjustments to the compensation limit to be taken into account, such limit is increased to \$415,000 for 2019, up from \$405,000 in 2018.

Health Savings Account limits for 2018 and 2019

In [Rev. Proc. 2018-30](#), the IRS announced the 2019 inflation adjustments that will apply to Health Savings Accounts (HSAs) under IRC §223 effective for calendar year 2019.

Health Savings Account limit	2019	2018
Contribution*		
Self (<i>IRC §223(b)(2)(A)</i>)	\$3,500	\$3,450
Family (<i>IRC §223(b)(2)(B)</i>)	\$7,000	\$6,850**
Out-of-pocket		
Self (<i>IRC §223(c)(2)(A)</i>)	\$6,750	\$6,650
Family (<i>IRC §223(c)(2)(A)</i>)	\$13,500	\$13,300
Deductible (high-deductible health plan)		
Self (<i>IRC §223(c)(2)(A)</i>)	\$1,350	\$1,350
Family (<i>IRC §223(c)(2)(A)</i>)	\$2,700	\$2,700

* Additional contribution of \$1,000 is permitted for individuals age 55 and older. Those enrolled in Medicare are not eligible to participate.

** In [Rev. Proc. 2018-27](#), the IRS announced that the limit on annual contributions for individuals with family coverage in a Health Savings Account (HSA) may be treated as \$6,900, rather than the \$6,850 announced earlier this year in [Rev. Proc. 2018-18](#).

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. ([2018 Form W-2 instructions, page 11](#); [IRS Publication 969](#))



Fringe-benefit inflation adjustments for 2019



In [Rev. Proc. 2018-57](#) the IRS announced the inflation adjustments that will apply to various fringe benefits in 2019.

Medical Savings Account (MSA) limits go up in 2019

Summarized below are the 2019 limits that apply to MSAs under IRC § 220(c)(2)(A).

Provision	Self-only coverage	Family coverage
High-deductible health plan: annual deductible	Not less than \$2,350 (up from \$2,300 in 2018) and not more than \$3,500 (up from \$3,450 in 2018)	Not less than \$4,650 (up from \$4,550 in 2018) and not more than \$7,000 (up from \$6,850 in 2018)
Annual out-of-pocket (other than for premiums)	Not to exceed \$4,650 (up from \$4,600 in 2018)	Not to exceed \$8,550 (up from \$8,400 in 2018)

Adoption assistance limit goes up in 2019

The limit on qualified adoption assistance (including special needs children) under IRC §23(a)(3) for 2019 is \$14,080, up from \$13,810 for 2018.

For 2019, 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 in excess of \$211,160 and is completely phased out for taxpayers with modified adjusted gross income of \$251,160 or more.

Health flexible spending account (FSA) limit goes up in 2019

The 2019 annual limit on the amount of pretax contributions employees can make toward their health flexible spending account through a cafeteria plan under IRC §125(i) is \$2,700, up from \$2,650 in 2018.

Transportation fringe benefits (parking and transit) limit increases in 2019

The 2019 monthly limit on parking benefits under IRC §132(f)(2)(B) is \$265, up from \$260 in 2018.

The 2019 aggregate monthly limit for transportation in a commuter highway vehicle and any transit pass under IRC §132(f)(2)(A) is also \$265, an increase from \$260 in 2018.

Federal mileage rates for 2019

Effective January 1, 2019, the business standard mileage rate for use of a car (including vans, pickup trucks, and panel trucks) increases from \$0.545 to \$0.580 and the rate for medical and relocation increases from \$0.180 to \$0.20. Mileage related to charity is set by law and remains at \$0.140 per mile. (*IR-2018-251*.)

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. For more details see *Notice-2019-02*.

Note that the business standard mileage rate may not be used (1) after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS), (2) after claiming the IRC §179 deduction for that vehicle, (3) after claiming depreciation using a method other than straight-line for the estimated useful life, or (4) to compute the deductible expenses for more than four vehicles used simultaneously. (*Rev. Proc. 2010-51, IRB 883*.)

For the rates and limits applicable in 2018 see our [special report](#).

Summary of mileage rates – 2019 compared to 2018

Type of mileage	Effective January 1, 2019	Effective January 1, 2018
Business standard	\$0.580	\$0.545
Charity	\$0.140	\$0.140
Relocation and medical	\$0.200	\$0.180



Per diem rates under high-low substantiation method for 2019

In [Notice 2018-77](#), the IRS released the per diem reimbursement rates that will apply effective October 1, 2018 (or, optionally, January 1, 2019). The per diem reimbursement rate for high-cost areas increases from \$284 to \$287 and from \$191 to \$195 for low-cost areas. There were also a number of changes to the areas that qualify as high cost.

Description	High-cost area	Low-cost area
Lodging, meals and incidentals	\$287 (was \$284)	\$195 (was \$191)
Lodging only	\$216 (no change)	\$135 (was \$134)
Meals and incidentals only	\$71 (was \$68)	\$60 (was \$57)
Incidental expenses only	\$5 (no change)	\$5 (no change)

The special M&IE rates for taxpayers in the transportation industry are increased from \$63 to \$66 for any locality of travel in the continental United States (CONUS) and from \$68 to \$71 for any locality of travel outside the continental United States (OCONUS). (See [Rev. Proc. 2011-47](#).)

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 at www.gsa.gov. 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. (Note that the Department of Defense has not updated its security settings on the web page so you will have to click on "trust this site.")



High-cost localities of travel under the high-low substantiation method (effective October 1, 2018)

Key city	County/other defined location
Arizona	
Sedona	City limits of Sedona
California	
Los Angeles (Oct. 1-Oct. 31 and Jan. 1-Sept. 30)	Los Angeles, Orange, Ventura, Edwards AFB less the city of Santa Monica
Monterey (July 1-Aug. 31)	Monterey
Napa (Oct. 1-Oct. 31 and May 1-Sept. 30)	Napa
Oakland	Alameda
San Diego (Jan. 1-July 31)	San Diego
San Francisco	San Francisco
San Mateo/Foster City/Belmont	San Mateo
Santa Barbara	Santa Barbara
Santa Monica	City limits of Santa Monica
Sunnyvale/Palo Alto/San Jose	Santa Clara
Colorado	
Aspen (Oct. 1-March 31 and June 1-Sept. 30)	Pitkin
Denver/Aurora	Denver, Adams, Arapahoe and Jefferson
Grand Lake (Dec. 1-March 31)	Grand
Silverthorne/Breckenridge (Dec. 1-March 31)	Summit
Telluride	San Miguel
Vail (Dec. 1-March 31 and July 1-Aug. 31)	Eagle
Delaware	
Lewes (July 1-Aug. 31)	Sussex
District of Columbia	
Washington, DC	Also the cities of Alexandria, Falls Church and Fairfax and the counties of Arlington and Fairfax in Virginia; the counties of Montgomery and Prince George's in Maryland (see also Maryland and Virginia)

Key city	County/other defined location
Florida	
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	Monroe
Miami (Dec. 1-March 31)	Miami-Dade
Naples (Feb. 1-April 30)	Collier
Vero Beach (Dec. 1-April 30)	Indian River
Georgia	
Jekyll Island/Brunswick (March 1-July 31)	Glynn
Illinois	
Chicago (Oct. 1-Nov. 30 and April 1-Sept. 30)	Cook and Lake
Maine	
Bar Harbor/Rockport (July 1-Aug. 31)	Hancock and Knox
Maryland	
Ocean City (July 1-Aug. 31)	Worcester
Washington, DC, metro area	Montgomery and Prince George's
Massachusetts	
Boston/Cambridge (Oct. 1-Nov. 30 and March 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
Michigan	
Traverse City (July 1-Aug. 31)	Grand Traverse
Minnesota	
Duluth (June 1-Aug. 31)	St. Louis

Key city	County/other defined location
New York	
Lake Placid (July 1-Aug. 31)	Essex
New York City	Bronx, Kings, New York, Queens, Richmond
Oregon	
Portland (Oct. 1-Oct. 31 and April 1-Sept. 30)	Multnomah
Seaside (July 1 -Aug. 31)	Clatsop
Pennsylvania	
Hershey (June 1-Aug. 31)	Hershey
Philadelphia (Oct. 1-Nov. 30 and April 1-Sept. 30)	Philadelphia
Rhode Island	
Jamestown, Middletown and Newport (June 1-Aug. 31)	Newport
South Carolina	
Charleston (Oct. 1-Oct. 31 and March 1-Sept. 30)	Charleston, Berkeley and Dorchester
Texas	
Pecos (Jan. 1-March 31)	Reeves
Utah	
Moab (Oct. 1-Oct. 31 and March 1-Sept. 30)	Grand
Park City (Dec. 1-March 31)	Summit
Virginia	
Virginia Beach (June 1-Aug. 31)	City of Virginia Beach
Wallops Island (July 1-Aug. 31)	Accomack
Washington, DC, metro area	Cities of Alexandria, Fairfax and Falls Church; counties of Arlington and Fairfax
Washington	
Seattle	King
Vancouver (Oct. 1 to Oct. 31 and April 1-Sept. 30)	Clark, Cowlitz and Skamania
Wyoming	
Cody (June 1-Sept. 30)	Park
Jackson/Pinedale (June 1-Aug. 31)	Teton and Sublette

2018 FUTA credit reduction states

A U.S. Department of Labor (USDOL) representative confirmed that only the Virgin Islands has a federal unemployment tax (FUTA) credit reduction for calendar year 2018. Virgin Islands' employers will pay FUTA taxes for calendar year 2018 at a net rate of 3.0%, composed of a FUTA credit reduction rate of 2.4% and the 0.6% minimum FUTA rate. (Email response to inquiry, US Department of Labor [website](#).)

Employers in the Virgin Islands will pay their FUTA taxes for calendar year 2018 at a higher FUTA tax rate than employers in other jurisdictions because it failed to repay its outstanding federal UI loans by November 10, 2018. These additional FUTA taxes are used to pay down Virgin Islands' federal unemployment loan.

The increased 2018 FUTA taxes are due from Virgin Islands employers with their fourth quarter 2018 federal unemployment tax deposit, due January 31, 2019.

California repaid its loan, avoiding a FUTA credit reduction for 2018

As we previously reported, California repaid its federal loan balance earlier this year, avoiding a FUTA credit reduction for 2018. California faced a potential FUTA credit reduction for 2018 because there was an outstanding loan balance as of January 1, 2018.

There is no California FUTA credit reduction anticipated for 2019 (*EY Payroll Newsflash Vol. 19, #087, 5-16-2018; California Employer Newsletter, third quarter 2018.*)

Virgin Islands again received waiver of the BCR for 2018

As has been the case for the past several years, the territory's request for waiver of the Benefit Cost Rate (BCR) for 2018 was approved, removing an additional potential credit reduction of 1.3%. Had the request not been approved, Virgin Islands' employers would have paid 2018 FUTA taxes at a rate of 4.8%. (See *EY Payroll Newsflash Vol. 19, #159, 10-4-2018*, for more details.)

The standard 2018 FUTA credit reduction and BCR add-on rate are shown on the following chart.

2018 FUTA credit reduction states and rates

State	First year of loan	2017 FUTA credit reduction	Net 2017 FUTA rate	Projected 2018 FUTA credit reduction	Waived 2018 BCR add-on ¹	Final 2018 net FUTA rate	Total 2018 FUTA cost in excess of the standard \$42 per employee
California ²	2009	2.1%	2.7%	2.4%	0.0%	0.6%	\$0
Virgin Islands	2009	2.1%	2.7%	2.4%	1.3%	3.0%	\$168

Footnotes

¹ BCR courtesy of U.S. Department of Labor. The 2.7 add-on could have applied since the BCR add-on was waived; however, this was not the case for 2018.

² California repaid its federal loan balance earlier in 2018 and expects to continue to be solvent.



State unemployment taxable wage bases for 2016-2019



The table that follows shows the actual state unemployment insurance (SUI) taxable wage bases and employee SUI withholding rates, if applicable, for 2016 to 2018 and the preliminary wage bases for 2019.

State unemployment taxable wage bases for 2016-2019

State	2019	2018	2017	2016	2019 employee contribution rates
Alabama	8,000*	8,000*	8,000*	8,000*	
Alaska	39,900	39,500	39,800	39,700	Employee SUI withholding rate is 0.5% on wages up to \$39,900
Arizona	7,000*	7,000*	7,000*	7,000*	
Arkansas	10,000*	10,000*	12,000*	12,000*	
California	7,000*	7,000*	7,000*	7,000*	
Colorado	13,100	12,600	12,500	12,200	
Connecticut	15,000*	15,000*	15,000*	15,000*	
Delaware	16,500 (EST)	16,500	18,500	18,500	
District of Columbia	9,000*	9,000*	9,000*	9,000*	
Florida	7,000	7,000	7,000	7,000	
Georgia	9,500*	9,500*	9,500*	9,500*	
Hawaii	46,800	45,900	44,000	42,200	
Idaho	40,000	38,200	37,800	37,200	
Illinois	12,960*	12,960*	12,960*	12,960*	
Indiana	9,500*	9,500*	9,500*	9,500*	
Iowa	30,600	29,900	29,300	28,300	
Kansas	14,000*	14,000*	14,000*	14,000*	
Kentucky	10,500	10,200	10,200	10,200	
Louisiana	7,700	7,700	7,700	7,700	
Maine	12,000*	12,000*	12,000*	12,000*	
Maryland	8,500*	8,500*	8,500*	8,500*	
Massachusetts	15,000*	15,000*	15,000*	15,000*	
Michigan	9,000	9,500	9,000	9,000	
Minnesota	34,000	32,000	32,000	31,000	
Mississippi	14,000*	14,000*	14,000*	14,000*	
Missouri	12,000	12,500	13,000*	13,000*	

State	2019	2018	2017	2016	2019 employee contribution rates
Montana	33,000	32,000	31,400	30,500	
Nebraska	9,000*	9,000*	9,000*	9,000*	
Nevada	31,200	30,500	29,500	28,200	
New Hampshire	14,000*	14,000*	14,000*	14,000*	
New Jersey	34,400	33,700	33,500	32,600	Employee SUI withholding rate is 0.425% on wages up to \$34,400
New Mexico	24,800	24,200	24,300	24,100	
New York	11,400	11,100	10,900	10,700	
North Carolina	24,300	23,500	23,100	22,300	
North Dakota	36,400	35,500	35,100	37,200	
Ohio	9,500*	9,500*	9,000	9,000*	
Oklahoma	18,100	17,600	17,700	17,500	
Oregon	40,600	39,300	38,400	36,900	
Pennsylvania	10,000*	10,000*	9,750	9,500	Employee SUI withholding 0.06% on total wages
Puerto Rico	7,000 (EST)	7,000	7,000 *	7,000*	
Rhode Island	23,600/25,100	23,000/24,500	22,400/23,900	22,000	
South Carolina	14,000	14,000	14,000	14,000	
South Dakota	15,000	15,000	15,000	15,000	
Tennessee	7,000	7,000	8,000	8,000	
Texas	9,000*	9,000*	9,000*	9,000*	
Utah	35,300	34,300	33,100	32,200	
Vermont	15,600	17,600	17,300	16,800	
Virginia	8,000*	8,000*	8,000*	8,000*	
Virgin Islands	TBD	24,200	23,500	23,000	
Washington	49,800	47,300	45,000	44,000	
West Virginia	12,000*	12,000*	12,000*	12,000*	
Wisconsin	14,000*	14,000*	14,000*	14,000*	
Wyoming	25,400	24,700	25,400	25,500	
FUTA	7,000*	7,000*	7,000*	7,000*	

* Law sets the taxable wage base; legislation would be necessary to change.



2019 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 seven jurisdictions—California, District of Columbia, Massachusetts, New Jersey, New York, Rhode Island and Washington are now operating, or will soon be operating, paid family leave (PFL) insurance programs.

Depending on the jurisdiction, the employee may pay all of the contributions to the disability and/or paid leave program through wage withholding, or the employer and the employee may share the cost of the insurance coverage. Most states also allow employers to use a private insurance company or self-insured plan in meeting these requirements.

For more information on paid family leave insurance, see our [special report](#).

The chart below shows the state SDI and PFL rates and taxable wage limits for 2019 based on information currently available. Changes from 2018 are highlighted in yellow.

State disability and paid family leave insurance wage base and rates			
Tax year 2019			
State/jurisdiction	Employee contribution	Employer contribution	Taxable wage limit if applicable (1)
California			
Disability	1.0%	None	\$118,371
Paid family leave	Included in disability	N/A	Included in disability
District of Columbia			
Disability	None	None	None
Paid family leave	None	0.62% (Effective July 1, 2019)	None, payroll tax is on total wages
Hawaii			
Disability	50% of cost but not more than 0.5% of covered weekly wages up to a maximum. Weekly contribution of \$5.44	Difference between cost and worker's contribution	\$1,088.08 (weekly)
Paid family leave	None	None	None
Massachusetts			
Disability	None	None	None
Paid family leave	0.63% (effective July 1, 2019, employees pay 100% of family leave portion. If employer of 25 or more employees, 40% of medical insurance portion, otherwise employee pays 100%.)	For employers of 25 or more employees, 60% of medical insurance portion of rate, otherwise employees pay 100% (effective July 1, 2019)	\$132,900 (SSA wage limit)
New Jersey			
Disability	0.17%	New employers pay 0.5% of taxable wages if in state plan; otherwise, experience rating applies. For other employers, experience rates range from 0.1% to 0.75%.	\$34,400
Paid family leave	0.08%	None	\$34,400

**State disability and paid family leave insurance wage base and rates
Tax year 2019**

State/jurisdiction	Employee contribution	Employer contribution	Taxable wage limit if applicable (1)
New York			
Disability	0.5% with contribution limit of: \$0.14 daily \$0.60 weekly \$1.20 biweekly \$1.30 semimonthly \$2.60 monthly	Balance of costs over employee contributions necessary to provide benefits	None
Paid family leave	0.153% (maximum of \$107.97 per year)	None	\$1,357.11 (weekly)
Puerto Rico (2)			
Disability	0.3%	0.3%	\$9,000
Paid family leave	None	None	None
Rhode Island			
Disability	1.1%	None	\$71,000
Paid family leave	Included in disability	N/A	Included in disability
Washington			
Disability	None	None	None
Paid family leave	63% of 0.4%	37% of 0.4%	\$132,900 (SSA wage limit)

(1) Represents maximum annual earnings unless another period is specified. Where employer contribution is stated as a percentage, the taxable wage limit applies.

(2) Not anticipated to change for 2019.



Federal income tax withholding for 2019

IRS releases 2019 income tax withholding tables

The IRS has released [Publication 15, Circular E, Employer's Tax Guide](#), containing the federal income tax withholding formula and tables as well as other employer guidance for tax year 2019.

2019 Form W-4 notice

Under the Tax Cuts and Jobs Act (TCJA), and effective January 1, 2018 through December 31, 2025, the personal exemption deduction is suspended; however, the IRS will not be modifying the [Form W-4](#) to reflect the law change until 2020. ([TCJA §11041](#); [IRS Notice 2018-92](#) and [Notice 2018-51](#).)

Until April 30, 2019, employees who have a reduction in the claimed number of withholding allowances solely due to changes under the TCJA are not required to give their employer a new Form W-4 until May 10, 2019 (10 days after April 30, 2019). However, if employees no longer reasonably expect to be entitled to the claimed number of withholding allowances because of a change in personal circumstances not solely related to changes under the TCJA (for example, an employee's child no longer qualifies as the employee's dependent because of the child's change in residence), they must furnish their employer a new Form W-4 within 10 days after the change. In addition, if employees who claimed married filing status on Form W-4 divorce, they must furnish their employer a new Form W-4 within 10 days after the change. Employees who have a reduction in the claimed number of withholding allowances after April 30, 2019, for any reason are required to give their employer a new Form W-4 within 10 days of the change in status resulting in the reduction in withholding allowances.

Social Security and Medicare tax

As previously reported, the 2019 Social Security wage base is increased from \$128,400 to \$132,900. (See [EY Payroll Newsflash, Vol. 19, #164, 10-11-2018](#).)

The Social Security and Medicare tax rates for both the employer and the employee remain unchanged at 6.2% and 1.45%, respectively.

Also unchanged is the Additional Medicare Tax. Employers are required to withhold Additional Medicare tax of 0.9% on Medicare wages in excess of \$200,000. There is no employer contribution.

Backup withholding rate

Effective with payments made on and after January 1, 2019, 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.

Nonresident alien employees

Add these amounts to employee's wages for calculating income tax withholding. (Nonresident alien students and business apprentices from India aren't subject to this procedure.)

2019		2018	
Payroll period	Add additional	Payroll period	Add additional
Daily or miscellaneous	\$30.80	Daily or miscellaneous	\$30.20
Weekly	\$153.80	Weekly	\$151.00
Biweekly	\$307.70	Biweekly	\$301.90
Semimonthly	\$333.30	Semimonthly	\$327.10
Monthly	\$666.70	Monthly	\$654.20
Quarterly	\$2,000.00	Quarterly	\$1,962.50
Semiannually	\$4,000.00	Semiannually	\$3,925.00
Annually	\$8,000.00	Annually	\$7,850.00

Personal allowances

The following is a reprint of the personal allowance values to be used in connection with the annual percentage method of withholding.

2019		2018	
Payroll period	Add additional	Payroll period	Add additional
Daily or miscellaneous	\$16.20	Daily or miscellaneous	\$16.00
Weekly	\$80.80	Weekly	\$79.80
Biweekly	\$161.50	Biweekly	\$159.60
Semimonthly	\$175.00	Semimonthly	\$172.90
Monthly	\$350.00	Monthly	\$345.80
Quarterly	\$1,050.00	Quarterly	\$1,037.50
Semiannually	\$2,100.00	Semiannually	\$2,075.00
Annually	\$4,200.00	Annually	\$4,150.00

Table 7 – Annual payroll period – 2019

(For wages paid January 1, 2019, through December 31, 2019)

(a) Single person (including head of household)			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$3,800		\$-0-	
Over	But not over		Of excess over
\$ 3,800	\$ 13,500	\$ 000.00 + 10.0%	\$ 3,800
\$ 13,500	\$ 43,275	\$ 970.00 + 12.0%	\$ 13,500
\$ 43,275	\$ 88,000	\$ 4,543.00 + 22.0%	\$ 43,275
\$ 88,000	\$ 164,525	\$ 14,382.50 + 24.0%	\$ 88,000
\$ 164,525	\$ 207,900	\$ 32,748.50 + 32.0%	\$ 164,525
\$ 207,900	\$ 514,100	\$ 46,628.50 + 35.0%	\$ 207,900
\$ 514,100	And over	\$ 153,798.50 + 37.0%	\$ 514,100

(b) Married person			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$11,800		\$-0-	
Over	But not over		Of excess over
\$ 11,800	\$ 31,200	\$ 000.00 + 10.0%	\$ 11,800
\$ 31,200	\$ 90,750	\$ 1,940.00 + 12.0%	\$ 31,200
\$ 90,750	\$ 180,200	\$ 9,086.00 + 22.0%	\$ 90,750
\$ 180,200	\$ 333,250	\$ 28,765.00 + 24.0%	\$ 180,200
\$ 333,250	\$ 420,000	\$ 65,497.00 + 32.0%	\$ 333,250
\$ 420,000	\$ 624,150	\$ 93,257.00 + 35.0%	\$ 420,000
\$ 624,150		\$ 164,709.50 + 37.0%	\$ 624,150



Supplemental income tax withholding rates for 2019

State supplemental income tax withholding rates for 2019

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.

The state supplemental income tax withholding rates that have thus far been released for 2019 are shown in the chart on the following page.

Changes from 2018 are highlighted in yellow.

Jurisdiction*	Last update	Supplemental withholding rate	Comments
Alabama	1/1/2018	5.00%	
Arkansas	1/1/2015	6.90%	
California	1/1/2019	6.60% and 10.23% on bonus and stock options	
Colorado	4/1/2018	4.63%	
Georgia	1/1/2019	Annual wages under \$8,000 \$8,000-\$10,000 \$10,000-\$12,000 \$12,000-\$15,000 over \$15,000	2.00% 3.00% 4.00% 5.00% 5.75%
Idaho	6/20/2018	6.925%	
Illinois	1/1/2019	4.95%	
Indiana	1/1/2019	3.23%	
Iowa	1/1/2019	6.00%	No change in the supplemental rate for 2019 per the Department regulation.
Kansas	1/1/2017	5.00%	
Kentucky	1/1/2019	5.00%	
Maine	1/1/2019	5.00%	
Maryland	1/1/2019	5.75% plus local tax rate; 7.5% for Maryland nonresidents and 3.2% for residents employed in Delaware	
Massachusetts	1/1/2019	5.05%	
Michigan	1/1/2019	4.25%	
Minnesota	1/1/2019	6.25%	
Missouri	1/1/2019	5.40%	

Jurisdiction*	Last update	Supplemental withholding rate	Comments
Montana	12/1/2017	6.00%	
Nebraska	12/1/2017	5.00%	
New Mexico	1/1/2019	4.90%	
New York	1/1/2019	9.62% (New York City is 4.25%, Yonkers resident is 1.61135% and Yonkers nonresident is 0.50%)	
North Carolina	1/1/2019	5.350%	
North Dakota	1/1/2019	1.84%	
Ohio	1/1/2019	3.50%	The supplemental rate of withholding will remain at 3.5% for 2019, as provided for under state regulations. (Ohio Administrative Code 5703-7-10, last revised November 23, 2018.)
Oklahoma	1/1/2019	5.00%	
Oregon	1/1/2019	9.00%	
Pennsylvania	3/1/2014	3.07% plus employee unemployment insurance tax rate of 0.06%.	
Rhode Island	1/1/2019	5.99%	
South Carolina	1/1/2019	7.00%	
Vermont	1/1/2019	30% of 2019 federal income tax withholding	
Virginia	1/1/2016	5.75%	
West Virginia	1/1/2007		
	Annual wages under \$10,000	3.00%	
	\$10,000-\$25,000	4.00%	
	\$25,00-\$40,000	4.50%	
	\$40,000-\$60,000	6.00%	
	over \$60,000	6.50%	
Wisconsin	4/1/2014		
	Annual wages under \$10,910	4.00%	
	\$10,910-\$21,820	5.84%	
	\$21,820-\$240,190	6.27%	
	\$240,190 and over	7.65%	

*There is no supplemental rate of withholding for Arizona, Connecticut, Delaware, District of Columbia, Hawaii, Kentucky, Louisiana, Mississippi, New Jersey, Puerto Rico, or Utah.

State income tax withholding tables for 2019

To assist you in reviewing your state income tax withholding rates for 2019, below is a chart of the most recent income tax withholding tables published by the states. Reference the column “Last update” to identify the last year the publication was updated. If the last update was prior to 2019 and the pending column is “no,” we have confirmed with the state that no update is expected for 2019.

Jurisdiction	Effective date	Pending	Document hyperlink
Alabama	1/1/2018	No	https://revenue.alabama.gov/wp-content/uploads/2018/01/whbooklet_0118.pdf
Arizona	7/1/2010	No	http://dev-az-dor.pantheonsite.io/businesses-arizona/withholding-tax
Arkansas	1/1/2015	No	http://www.dfa.arkansas.gov/offices/incomeTax/withholding/Documents/withholdTaxTables.pdf
California	1/1/2019	No	https://www.edd.ca.gov/pdf_pub_ctr/de44.pdf
Colorado	3/30/2018	No	https://www.colorado.gov/pacific/sites/default/files/DR1098.pdf?utm_source=getresponse&utm_medium=email&utm_campaign=pie_test&utm_content=CO%2527s+Withholding+Tax+Tables+Updated+in+Response+to+Federal+Tax+Reform
Connecticut	1/1/2018	Yes	http://www.ct.gov/drs/lib/drs/publications/pubsip/1-2018/ip2018-1.pdf
Delaware	1/1/2017	No	http://revenue.delaware.gov/services/wit_folder/section24.shtml
District of Columbia	1/1/2018	Yes	https://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/publication/attachments/2018%20FR-230_12.13.17.pdf
Georgia	1/1/2019	No	https://dor.georgia.gov/sites/dor.georgia.gov/files/related_files/document/TSD/Guide/2019%20Employers%20Tax%20Guide%20-%2011.13.18.pdf
Guam	1/1/2018	No	https://www.guamtax.com/info/StartingYourBusinessOnGuam_042007.pdf
Hawaii	7/1/2017	No	http://files.hawaii.gov/tax/news/pubs/17BkItA.pdf
Idaho	6/20/2018	No	https://tax.idaho.gov/s-results-pub.cfm?doc=EPB00006
Illinois	1/1/2019	No	http://www.revenue.state.il.us/TaxForms/Withholding/IL-700-T.pdf
Indiana	1/1/2019	No	https://www.in.gov/dor/reference/files/dn01.pdf
Iowa	1/1/2019	No	https://tax.iowa.gov/sites/files/idr/documents/IA%20Withholding%20Formula%20and%20Instructions%20TY2019.pdf
Kansas	1/1/2017	No	https://www.ksrevenue.org/pdf/kw1002017.pdf
Kentucky	1/1/2019	No	https://revenue.ky.gov/Forms/2019%2042A003(TCF).pdf
Louisiana	2/16/2018	No	http://revenue.louisiana.gov/LawsPolicies/1802EMR030.pdf
Maine	1/1/2018	No	https://www.maine.gov/revenue/forms/with/2019.htm

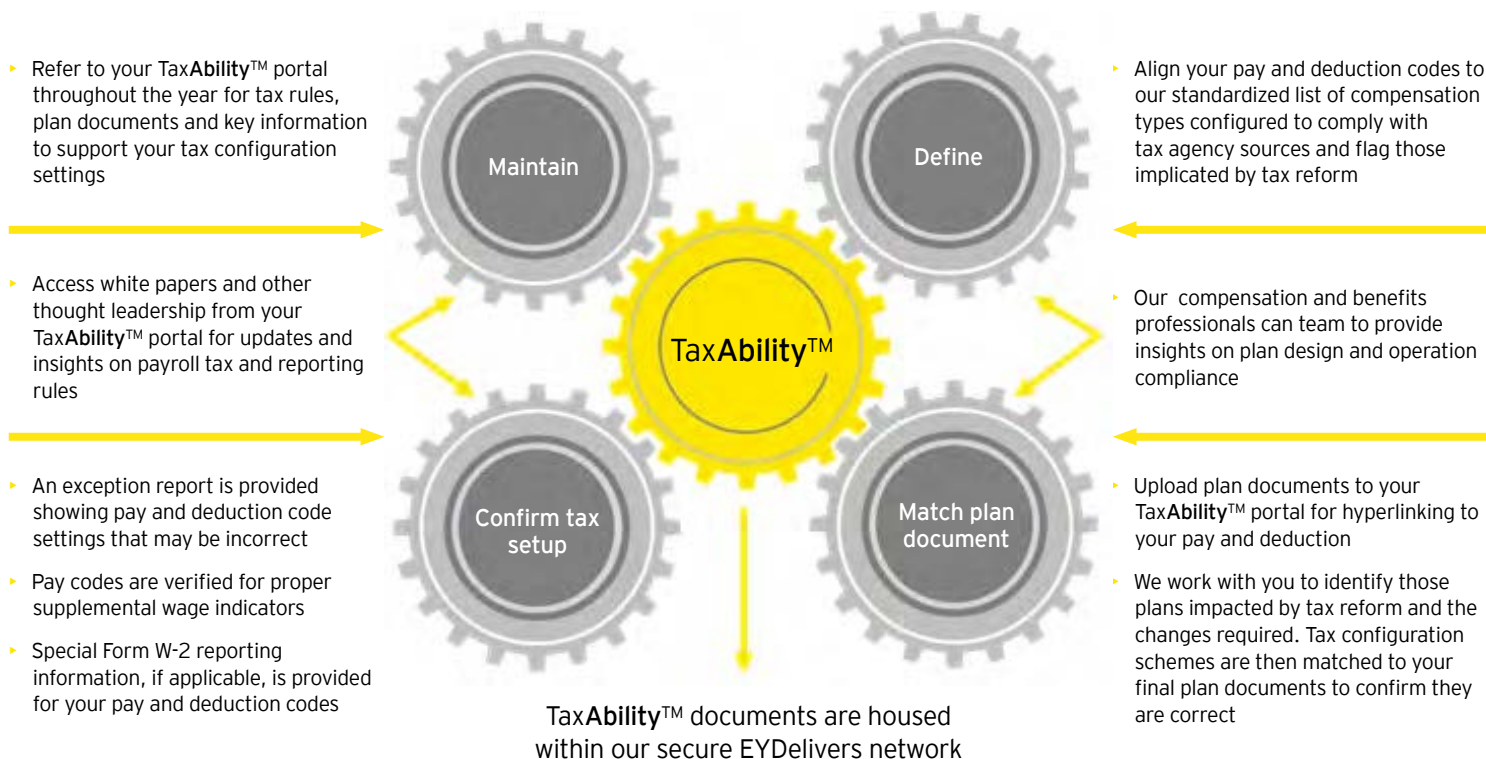


Jurisdiction	Effective date	Pending	Document hyperlink
Maryland	6/1/2018	Yes	https://forms.marylandtaxes.gov/18_forms/Withholding_Guide.pdf
Massachusetts	1/1/2019	No	https://www.mass.gov/files/documents/2018/12/20/dor-withholding-massachusetts-circular-m.pdf
Michigan	3/1/2018	No	https://www.michigan.gov/documents/taxes/446_2018_619616_7.pdf
Minnesota	1/1/2019	No	https://www.revenue.state.mn.us/Forms_and_Instructions/wh_inst_19.pdf
Mississippi	1/1/2019	No	https://www.dor.ms.gov/Business/Documents/8970018.PDF
Missouri	1/1/2019	No	https://dor.mo.gov/forms/4282_2019.pdf
Montana	1/1/2018	No	https://app.mt.gov/myrevenue/Endpoint/DownloadPdf?yearId=705
Nebraska	12/1/2017	No	http://www.revenue.nebraska.gov/circ-en/2017/2017cir-en_whole.pdf
New Jersey	9/1/2018	No	https://www.state.nj.us/treasury/taxation/pdf/current/njwt.pdf
New Mexico	1/1/2019	No	http://www.tax.newmexico.gov/withholding-tax-historic-rates.aspx
New York	1/1/2019	No	https://www.tax.ny.gov/pubs_and_bulls/publications/withholding/wt_computation_rules.htm
North Carolina	1/1/2019	No	https://files.nc.gov/ncdor/documents/files/nc-30_2019.pdf
North Dakota	1/1/2019	No	https://www.nd.gov/tax/data/upfiles/media/rates-and-instructions.pdf?20190103192452
Ohio	1/1/2019	No	https://www.tax.ohio.gov/employer_withholding/employer-withholding-tables-010119.aspx
Oklahoma	1/1/2019	No	https://www.ok.gov/tax/documents/2019WHTables.pdf
Oregon	1/1/2019	No	https://www.oregon.gov/DOR/programs/businesses/Pages/payroll-updates.aspx
Pennsylvania	3/1/2014	No	https://www.revenue.pa.gov/GeneralTaxInformation/Current%20Tax%20Rates/Pages/default.aspx
Puerto Rico	1/1/2017	No	http://www.hacienda.gobierno.pr/sites/default/files/tablas_retencion_2017_2.pdf
Rhode Island	1/1/2019	No	http://www.tax.ri.gov/forms/2019/Withholding/2019%20Withholding%20Booklet.pdf
South Carolina	1/1/2019	No	https://dor.sc.gov/forms-site/Forms/WH1603F_2019.pdf
Utah	5/1/2018	No	https://tax.utah.gov/forms/pubs/pub-14.pdf
Vermont	1/1/2019	No	https://tax.vermont.gov/sites/tax/files/documents/WithholdingInstructions.pdf
Virginia	1/1/2016	No	https://www.tax.virginia.gov/sites/default/files/2016-12/employer-withholding-instructions-any.pdf
West Virginia	1/1/2007	No	http://www.state.wv.us/taxrev/uploads/lt100-1-a.pdf
Wisconsin	4/1/2014	No	https://www.revenue.wi.gov/DOR%20Publications/pb166.pdf





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