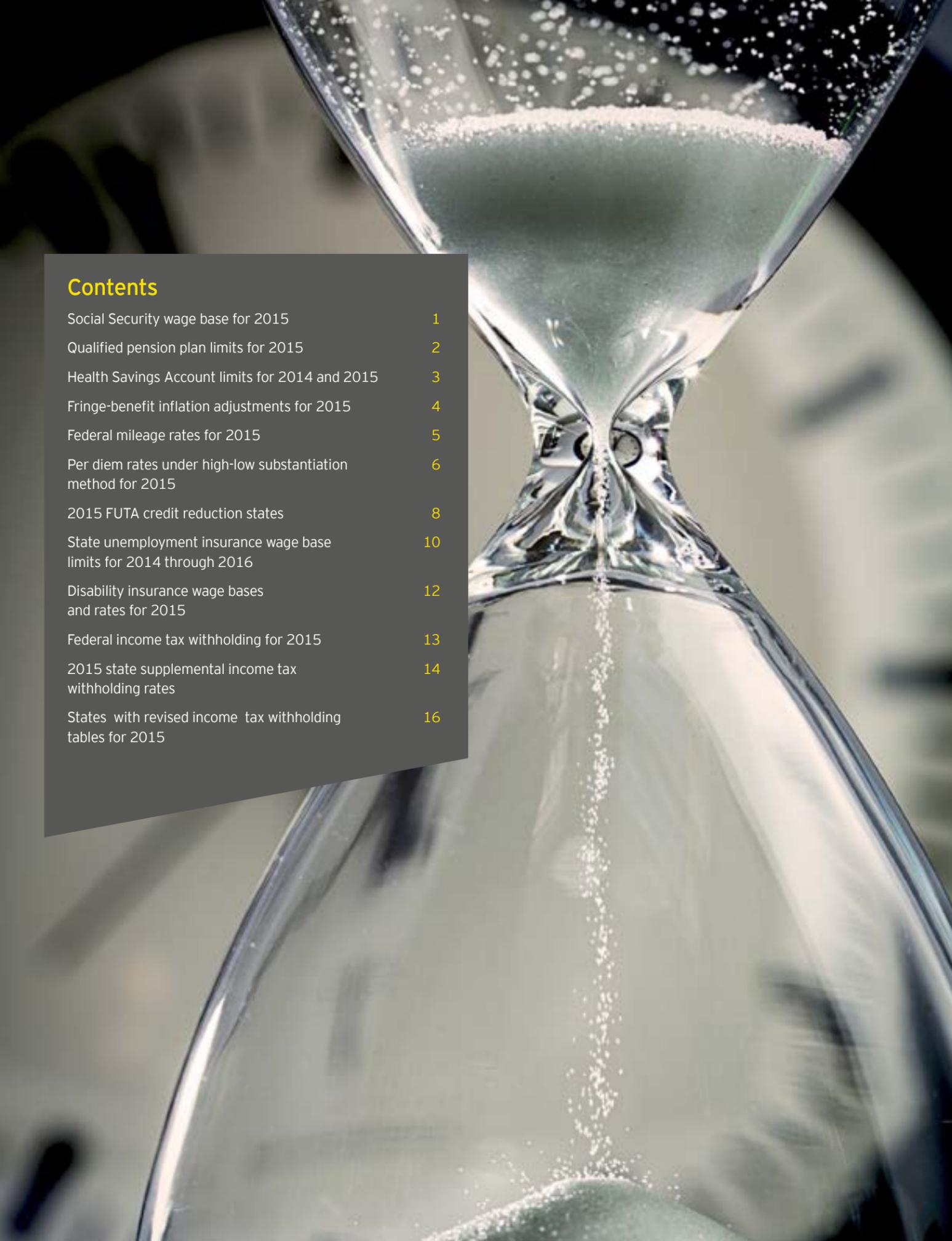


US employment tax rates and limits for 2015

Final as of December 18, 2015



Contents

Social Security wage base for 2015	1
Qualified pension plan limits for 2015	2
Health Savings Account limits for 2014 and 2015	3
Fringe-benefit inflation adjustments for 2015	4
Federal mileage rates for 2015	5
Per diem rates under high-low substantiation method for 2015	6
2015 FUTA credit reduction states	8
State unemployment insurance wage base limits for 2014 through 2016	10
Disability insurance wage bases and rates for 2015	12
Federal income tax withholding for 2015	13
2015 state supplemental income tax withholding rates	14
States with revised income tax withholding tables for 2015	16

Social Security wage base for 2015

The Social Security wage base will increase from \$117,000 to \$118,500 in 2015, lower than the \$119,400 projected in the July 2014 *Annual Report of The Board of Trustees* published by the Social Security Administration.

The increase in the wage base of \$1,500 is estimated to result in higher taxes for nearly 10 million workers.

The Medicare tax rate for 2015 remains at 1.45% of all covered earnings for employers and employees; however, 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 the complete Social Security Administration fact sheet, go [here](#).

Social Security, Medicare and disability insurance contributions 2015 compared to 2014

Description	2015	2014	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	\$118,500	\$117,000	\$1,500
Maximum Social Security tax for employees	\$7,347	\$7,254	\$93
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 0.9% of wages in excess of \$200,000. There is no employer matching contribution.



Qualified pension plan limits for 2015

The dollar limitations for qualified retirement and certain non-qualified plans that become effective January 1, 2015, were released by the IRS in [IR-2014-99](#).

The dollar limitations that are adjusted by reference to IRC §415(d) are adjusted for inflation, and consequently many of the pension plan limitations will change for 2015 because the increase in the cost-of-living index met the statutory thresholds that trigger their adjustments. Plan participants in qualified retirement plans will need to consider the impact of the 2015 dollar limitations in their overall financial planning.

The pretax limit that applies to elective deferrals to 401(k), 403(b) and most 457(b) plans increases from \$17,500 to \$18,000. The dollar limitation for catchup contributions for participants age 50 or over also increases from \$5,500 to \$6,000.

Qualified retirement plan limitations (2015 compared to 2014)

Description	2015 limit	2014 limit
Participant pretax contribution limit for 401(k) and 403(b) plans Section 402(g)(1)	\$18,000	\$17,500
Deferral limit for deferred compensation plans of state and local governments and tax-exempts Section 457(e)(15)	\$18,000	\$17,500
Dollar limitation for catchup 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	\$5,500
Dollar limitation for catchup contributions for participants age 50 or over to a SIMPLE IRA or a SIMPLE 401(k) Section 414(v)(2)(B)(ii)	\$3,000	\$2,500
Defined benefit plan limit ¹ Section 415(b)(1)(A)	Lesser of \$210,000 or 100% of the participant's three-year-high compensation	Lesser of \$210,000 or 100% of the participant's three-year-high compensation
Defined contribution plan limit Section 415(c)(1)(A)	Lesser of \$53,000 or 100% of participant's compensation	Lesser of \$52,000 or 100% of participant's compensation
Maximum ESOP account balance subject to a five-year distribution period/increments for additional year Section 409(o)(1)(C)(ii)	\$1,070,000/\$210,000	\$1,050,000/\$210,000
Highly-compensated-employee dollar threshold Section 414(q)(1)(B)	\$120,000	\$115,000
Definition of key employee in a top-heavy plan – officer compensation threshold Section 416(i)(1)(A)(i)	\$170,000	\$170,000
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)	\$265,000	\$260,000
SEP employee participation floor Section 408(k)(2)(C)	\$600	\$550
SIMPLE retirement accounts contribution limit Section 408(p)(2)(E)	\$12,500	\$12,000
Compensation amount of control employees for fringe benefit valuation purposes Treas. Reg. Section 1.61-21(f)(5)(i) and (iii)	\$105,000/\$215,000	\$105,000/\$210,000

Footnotes

¹ For a participant who separated from service before January 1, 2015, 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 2014, by 1.0178.

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 increases from \$385,000 to \$395,000.

Health savings account limits for 2014 and 2015

Health savings account limit type	2014	2015
Contribution		
Self	\$3,300	\$3,350
Family	\$6,550	\$6,650
Out-of-pocket		
Self	\$6,350	\$6,450
Family	\$12,700	\$12,900
Deductible (high-deductible health plan)		
Self	\$1,250	\$1,300
Family	\$2,500	\$2,600



Fringe-benefit inflation adjustments for 2015



In [Revenue Procedure 2014-61](#), the IRS published the inflation adjustments that will apply to various fringe benefits in 2015.

2015 medical savings account (MSA) limits go up in most cases

Summarized below are the 2015 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 \$2,200 (<i>unchanged from 2014</i>) and not more than \$3,300	Not less than \$4,450 and not more than \$6,650
Annual out-of-pocket (other than for premiums)	Not to exceed \$4,450	Not to exceed \$8,150

Adoption assistance limit goes up

The limit on qualified adoption assistance (including special needs children) for 2015 is \$13,400, up from \$13,190 in 2014.

Health flexible spending account limit goes up

The 2015 annual limit on the amount of pretax contributions employees can make toward their health flexible spending account under a cafeteria plan is \$2,550, an increase from \$2,500 in 2014.

Transportation fringe benefits go down

The 2015 monthly limit on parking benefits is \$250, unchanged from 2014.

The 2015 aggregate monthly limit for transportation in a commuter highway vehicle and any transit pass was \$130, down from \$250 in 2014. On December 18, 2015, legislation was enacted under HR 2029 that permanently gives parity to parking and transit benefits, raising the 2015 transit benefit to \$250.

For more information see our special report [here](#).

Federal mileage rates for 2015

Effective January 1, 2015, the business standard mileage rate (including vans, pickup trucks, and panel trucks) increases from \$0.560 per mile to \$0.575 while the rate for medical and relocation decreases from \$0.235 per mile to \$.230. Mileage related to charity is set by statute and remains at \$0.140 per mile. ([IRS Notice 2014-79](#))

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*)

Federal mileage rates: 2015 compared to 2014

Type of mileage	Effective January 1, 2015	Effective January 1, 2014
Business standard	\$0.575	\$0.560
Charity	\$0.140	\$0.140
Relocation and medical	\$0.230	\$0.235



Per diem rates under high-low substantiation method for 2015

In [Notice 2014-57](#), the IRS released the per diem reimbursement rates that will apply effective October 1, 2014 (or, optionally, January 1, 2015). The per diem reimbursement rate for high-cost areas increases from \$251 to \$259 and from \$170 to \$172 for low-cost areas. There were also a number of changes to the areas that qualify as high cost.

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.

For more information, click [here](#).

Federal per diem rates under the high-low substantiation method for 2015

Description	High-cost area	Low-cost area
Lodging, meals and incidentals	\$259	\$172
Lodging only	\$194	\$120
Meals and incidentals only	\$65	\$52
Incidental expenses only*	\$5	\$5

*Rate applies only when a meal expense allowance is not provided.

High-cost localities of travel under the high-low substantiation method (effective October 1, 2014)

Changes from last year are shown in yellow

Key city	County/other defined location
Arizona	
Sedona (March 1 - May 31)	City limits of Sedona
California	
San Diego	San Diego
Monterey (July 1 - Aug. 31)	Monterey
Napa (Oct. 1 - Nov. 30; Feb. 1 - Sept. 30)	Napa
San Francisco	San Francisco
Santa Barbara	Santa Barbara
Santa Cruz (June 1 - Aug. 31)	Santa Cruz
Santa Monica	City limits of Santa Monica
Sunnyvale/Palo Alto/San Jose	Santa Clara
Yosemite National Park (June 1 - Aug. 31)	Mariposa
Colorado	
Aspen (Dec. 1 - March 31; June 1 - Aug. 31)	Pitkin
Denver/Aurora	Denver, Adams, Arapahoe and Jefferson
Steamboat Springs (Dec. 1 - March 31)	Routt
Telluride (Dec. 1 - March 31; June 1 - Sept. 30)	San Miguel
Vail (Dec. 1 - March 31 and July 1 - Aug. 31)	Eagle
District of Columbia	
Washington, DC	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 city	County/other defined location
Florida	
Boca Raton/Delray Beach/Jupiter (Jan. 1 - April 30)	Palm Beach and Hendry
Fort Lauderdale (Jan. 1 - May 31)	Broward
Fort Walton Beach/DeFuniak Springs (June 1 - July 31)	Okaloosa and Walton
Key West	Monroe
Miami (Dec. 1 - March 31)	Miami-Dade
Naples (Jan. 1 - April 30)	Collier
Illinois	
Chicago (Oct. 1 - Nov. 30; March 1 - Sept. 30)	Cook and Lake
Louisiana	
New Orleans (Oct. 1 - June 30)	Orleans, St. Bernard, Jefferson and Plaquemine parishes
Maine	
Bar Harbor (July 1 - Aug. 31)	Hancock
Maryland	
Baltimore City (Oct. 1 - Nov. 30; March 1 - Sept. 30)	Baltimore City
Cambridge/St. Michaels (June 1 - Aug. 31)	Dorchester and Talbot
Ocean City (June 1 - Aug. 31)	Worcester
Washington, DC, metro area	Montgomery and Prince George's
Massachusetts	
Boston/Cambridge	Suffolk, City of Cambridge
Falmouth (July 1 - Aug. 31)	City limits of Falmouth
Martha's Vineyard (June 1 - Aug. 31)	Dukes
Nantucket (June 1 - Sept. 30)	Nantucket
Montana	
Glendive/Sidney	Dawson and Richland
New Hampshire	
Conway (July 1 - Aug. 31)	Carroll

Key city	County/other defined location
New York	
Floral Park, Garden City and Great Neck	Nassau
Glens Falls (July 1 - Aug. 31)	Warren
Lake Placid (July 1 - Aug. 31)	Essex
New York City	Bronx, Kings, New York, Queens, Richmond
Saratoga Springs/Schenectady (July 1 - Aug. 31)	Saratoga and Schenectady
Tarrytown/White Plains/New Rochelle	Westchester
North Carolina	
Kill Devil (June 1 - Aug. 31)	Dare
North Dakota	
Williston	Williams, Mountrail and McKenzie
Pennsylvania	
Philadelphia (Oct. 1 - Nov. 30; March 1 - June 30; Sept. 1 - Sept. 30)	Philadelphia
Rhode Island	
Jamestown, Middletown and Newport (Oct. 1 - Oct. 31; May 1 - Sept. 30)	Newport
South Carolina	
Charleston (May 1 - May 31)	Charleston, Berkeley and Dorchester
Texas	
Midland	Midland
Utah	
Park City (Dec. 1 - March 31)	Summit
Virginia	
Washington, DC, metro area	Cities of Alexandria, Fairfax and Falls Church; counties of Arlington and Fairfax
Virginia Beach (June 1 - Aug. 31)	City of Virginia Beach
Washington	
Seattle	King
Wyoming	
Jackson/Pinedale (July 1 - Aug. 31)	Teton and Sublette

2015 FUTA credit reduction states

The US Department of Labor announced on November 10, 2015, that employers in three states and the Virgin Islands will pay their FUTA taxes for calendar year 2015 at a higher federal unemployment (FUTA) tax rate than employers in other states because the states failed to repay their outstanding federal UI loans by November 10, 2015.

This is down from the seven states and the Virgin Islands that had credit reductions for calendar year 2014.

The increased 2015 FUTA taxes are due from employers with their fourth quarter 2015 federal unemployment tax deposit, due February 1, 2016. *(States with 2015 Federal Unemployment Tax Act (FUTA) credit reductions, US Department of Labor, November 10, 2015.)*

All the states that requested a waiver of the additional Benefit Cost Rate (BCR) were approved for the waiver. Connecticut did not request the waiver, and as a result, employers in this state will pay at a significantly higher FUTA rate than in other states that began borrowing in 2008-2009 and were subject to the BCR.

For more information concerning the FUTA credit reduction read our special report [here](#).

State	Credit reduction	2015 net FUTA rate
California	1.5%	2.1%
Connecticut	2.1%	2.7%
Ohio	1.5%	2.1%
Virgin Islands	1.5%	2.1%

Details

The Social Security Act requires a reduction in the FUTA tax credit when a state has outstanding federal loans for two consecutive January 1st. The reduction in the FUTA tax credit is 0.3% for the first year and an additional 0.3% (or more) for each succeeding year until the loan is repaid.

Federal law discourages states from carrying their loan balances over several years by further reducing the FUTA credit beginning in the fifth year of the loan. This add-on to the FUTA credit reduction is referred to as the Benefit Cost Rate (BCR). The BCR triggered on this year for all of the borrowing states (except Delaware) which began borrowing in 2008-2009. The BCR penalty may be waived if the state's governor submits an application to the US Secretary of Labor no later July 1 of the penalty year and the state takes no action (legislative, judicial, or administrative) during the 12-month period ending September 30 that would reduce UI trust fund solvency during that same time period. Should the BCR add-on be waived, as is normally the case if the conditions are met, another penalty, referred to as the 2.7 add-on (that was imposed on the Virgin Islands for 2012-2013), can kick in if the state's average UI tax rate is inadequate – this penalty rate cannot be avoided or waived if triggered.

2015 recap

For 2015, nine states and the Virgin Islands faced a potential FUTA credit reduction because there was an outstanding loan balance as of January 1, 2015. Five states (Indiana, Kentucky, New York, North Carolina and South Carolina) repaid their outstanding advances before November 10, 2015, thereby eliminating any FUTA credit reduction for 2015.

Two states and the Virgin Islands that began borrowing in 2009 and had outstanding loan balances on January 1 in each of the years of 2010 through 2015 have a 1.5% credit reduction for 2015. Connecticut had a FUTA credit reduction of 2.7% because it chose not to request a waiver of the BCR add-on. Consequently, Connecticut's FUTA credit reduction increased from 1.5% to 2.7% (including a BCR add-on of 0.6%).

All of the remaining states that requested a waiver of the BCR add-on for 2015 were found eligible for the waiver.

No state for 2015 faces the special 2.7 add-on for having an average state UI rate that is lower than allowed under federal law (as the Virgin Islands did for 2012-2013).



State unemployment taxable wage bases for 2014-2016

The table that follows shows the actual state unemployment insurance (SUI) taxable wage bases and employee SUI withholding rates, if applicable, for 2014 to 2015 and the preliminary wage bases for 2016.

State unemployment taxable wage bases for 2014-2016

State	2016	2015	2014	2016 employee contribution rates
Alabama	8,000*	8,000*	8,000*	
Alaska	39,700	38,700	37,400	0.50%
Arizona	7,000*	7,000*	7,000*	
Arkansas	12,000*	12,000*	12,000*	
California	7,000*	7,000*	7,000*	
Colorado	12,200	11,800	11,700	
Connecticut	15,000*	15,000*	15,000*	
Delaware ⁶	18,500	18,500 ⁶	18,500	
District of Columbia	9,000*	9,000*	9,000*	
Florida ⁷	7,000	7,000 ⁷	8,000	
Georgia	9,500*	9,500*	9,500*	
Hawaii	42,200	40,900	40,400	
Idaho	37,200	36,000	35,200	
Illinois ⁵	12,960*	12,960*	12,960*	
Indiana	9,500*	9,500*	9,500*	
Iowa	28,300	27,300	26,800	
Kansas	14,000	12,000	8,000	
Kentucky ¹	10,200 ¹	9,900 ¹	9,600	
Louisiana	7,700	7,700	7,700	
Maine	12,000*	12,000*	12,000*	
Maryland	8,500*	8,500*	8,500*	
Massachusetts	15,000*	15,000*	14,000	
Michigan ¹⁰	TBD ¹⁰	9,500 ¹⁰	9,500 ¹⁰	
Minnesota	31,000	30,000	29,000	
Mississippi	14,000*	14,000*	14,000*	
Missouri ¹²	13,000	13,000	13,000	
Montana	30,500	29,500	29,000	
Nebraska	9,000*	9,000*	9,000*	
Nevada	28,200	27,800	27,400	
New Hampshire	14,000*	14,000*	14,000*	
New Jersey	32,600	32,000	31,500	Employee SUI withholding rate is 0.425% on wages up to \$32,600 ³

State	2016	2015	2014	2015 employee contribution rates
New Mexico	24,100	23,400	23,400	
New York ⁸	10,700 ^B	10,500 ^B	10,300	
North Carolina	22,300	21,700	21,400	
North Dakota	37,200	35,600	33,600	
Ohio	9,000*	9,000*	9,000*	
Oklahoma	17,500	17,000	18,700	
Oregon	36,900	35,700	35,000	
Pennsylvania ²	9,500	9,000	8,750	Employee SUI withholding 0.07% on total wages
Puerto Rico	7,000*	7,000*	7,000*	
Rhode Island	22,000 ⁴	21,200	20,600	
South Carolina	14,000*	14,000	12,000	
South Dakota	15,000*	15,000	14,000	
Tennessee ¹¹	TBD ¹¹	9,000	9,000	
Texas	9,000*	9,000*	9,000*	
Utah	32,200	31,300	30,800	
Vermont ⁹	16,800	16,400 ⁹	16,000	
Virginia	8,000*	8,000*	8,000*	
Virgin Islands	23,000**	22,900	22,500	
Washington	44,000	42,100	41,300	
West Virginia ¹³	12,000	12,000	12,000	
Wisconsin	14,000*	14,000*	14,000*	
Wyoming	25,500	24,700	24,500	
FUTA	7,000*	7,000*	7,000*	

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

** Per telephone conversation with agency representative

Footnotes:

- Kentucky.** The taxable wage base will continue to increase by \$300 each calendar year until the taxable wage base reaches \$12,000 in 2022.
- Pennsylvania.** The taxable wage base will increase to \$9,750 for calendar year 2017 and \$10,000 for calendar year 2018 and after.
- New Jersey.** Employee rate includes the Workforce Development/Supplemental Workforce Funds surcharge.
- Rhode Island.** Employers assigned the maximum tax rate pay unemployment taxes up to a taxable wage base of \$23,500 for 2016.

5 **Illinois.** The taxable wage base will remain at \$12,960 through 2019 under SB 72, passed in late 2011, then be adjusted for 2020 and thereafter based on the UI trust fund balance (law Section 820 ILCS 405/1400.1).

6 **Delaware.** Legislation enacted in mid-August 2013 changes the determination of the SUI taxable wage base from a set amount of \$10,500 to a range of \$10,500 to \$18,500 for calendar year 2014 and beyond, by tying 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.

7 **Florida.** The taxable wage base reverted to \$7,000 effective January 1, 2015, because there was no outstanding federal UI loan.

8 **New York.** The taxable wage base will increase as follows: 2017 - \$10,900; 2018 - \$11,100; 2019-\$11,400; 2020 - \$11,600; 2021 - \$11,800; 2022 - \$12,000; 2023 - \$12,300; 2024 - \$12,500; 2025 - \$12,800; 2026 - \$13,000; for each year thereafter, computed as 16% of the state's average annual wage.

9 **Vermont.** Taxable wage base beginning for 2015 is indexed to increases in the state annual average wage, rather than fixed at \$16,000.

10 **Michigan.** The taxable wage base decreased to \$9,000 for the third and fourth quarters 2015 for nondelinquent employers, due to the size of the trust fund. This was not a retroactive decrease to January 1, 2015. The reduction to \$9,000 may also apply to the first and second quarters 2016 if the trust fund balance remains at \$2.5 billion or above as of December 31, 2015.

11 **Tennessee.** UI law provides that if the UI trust fund balance on December 31 of any year is above \$900 million, but less than \$1 billion, the taxable wage base is \$8,000. The trust fund balance stood at \$932,187,771 as of November 30, 2015. A decrease to \$8,000 for 2016 is possible if the trust fund balance continues to exceed \$900 million as of December 31, 2015.

12 **Missouri.** The taxable wage base cannot exceed \$13,000 or be less than \$7,000. The taxable wage base will decrease by \$500 if the trust fund balance is \$650 million or more for the preceding four calendar quarters. (Law Section 288.036.1.)

13 **West Virginia.** If the trust fund balance equals or exceeds \$220 million on any February 15, the taxable wage base will decrease to \$9,000 from \$12,000. Once the taxable wage base decreases to \$9,000, each year thereafter it will increase or decrease by the same percentage that the state's average wage increases or decreases. (Law Section 21A-1A-28(d).)

2015 state disability insurance rates and limits



Six jurisdictions – California, Hawaii, New Jersey, New York, Puerto Rico and Rhode Island – operate state disability insurance (SDI) programs. Depending on the state or jurisdiction, the employee may pay all of the contributions to the program through wage withholding, or the employer and the employee may share the cost of the insurance coverage. The following chart lists the state SDI rates and taxable wage limits for 2015 based on information currently available.

State disability insurance wage base and rates Tax year 2015			
State/jurisdiction	Employee contribution	Employer contribution	Taxable wage limit if applicable (1)
California	0.9%	None	\$104,378
Hawaii	50% of cost but not more than 0.5% of covered weekly wages up to max. Weekly contribution of \$4.76	Difference between cost and worker's contribution	\$951.23 (weekly)
New Jersey	0.25% (3)	New employers pay 0.5% of taxable wages if in state plan; experience rating applies (2)	\$32,000
New York	0.5% with contribution limit of: \$0.14 daily \$0.60 weekly \$1.20 biweekly \$1.30 semimonthly \$2.60 monthly (4)	Balance of costs over employee contributions necessary to provide benefits	None
Puerto Rico	0.3% (4)	0.3% (4)	\$9,000 (4)
Rhode Island	1.2%	None	\$64,200

- (1) Represents maximum annual earnings unless another period is specified. Where employer contribution is stated as a percentage, the taxable wage limit applies.
 (2) **New Jersey.** For 2015, employer disability experience rates range from 0.1% to 0.75%.
 (3) Effective January 1, 2015, employees pay at 0.09% for family leave insurance (FLI).
 (4) Not anticipated to change for 2015.

Federal income tax withholding for 2015

The IRS issued [Notice 1036](#) containing the early release of the 2015 percentage method tables for income tax withholding.

Nonresident alien employee income tax calculation

For 2015, apply the following procedure to determine the amount of federal income tax withholding to be deducted from the wages of nonresident alien employees performing services within the US. Add the amounts shown on the chart on the following page to their wages, and apply the withholding tables to compute the federal income tax withholding.

Note: Nonresident alien students from India and business apprentices from India are not subject to this procedure.

Amount to add to nonresident alien employee's wages for calculating 2015 income tax withholding only

Payroll period	Add additional
Daily or miscellaneous	\$ 8.80
Weekly	\$ 44.20
Biweekly	\$ 88.50
Semimonthly	\$ 95.80
Monthly	\$ 191.70
Quarterly	\$ 575.00
Semiannually	\$ 1,150.00
Annually	\$ 2,300.00

2015 annual percentage method withholding

The following is a reprint of the tax year 2015 annual percentage method of federal income tax withholding.

Payroll period	One withholding allowance
Daily or miscellaneous	\$ 15.40
Weekly	\$ 76.90
Biweekly	\$ 153.80
Semimonthly	\$ 166.70
Monthly	\$ 333.30
Quarterly	\$ 1,000.00
Semiannually	\$ 2,000.00
Annually	\$ 4,000.00

Table 7—Annual payroll period (for 2015)

(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 \$2,300		\$-0-	
Over	But not over		Of excess over
\$ 2,300	\$ 11,525	\$ 000.00 + 10.0%	\$ 2,300
\$ 11,525	\$ 39,750	\$ 922.50 + 15.0%	\$ 11,525
\$ 39,750	\$ 93,050	\$ 5,156.25 + 25.0%	\$ 39,750
\$ 93,050	\$ 191,600	\$ 18,481.25 + 28.0%	\$ 93,050
\$ 191,600	\$ 413,800	\$ 46,075.25 + 33.0%	\$ 191,600
\$ 413,800	\$ 415,500	\$ 119,401.25 + 35.0%	\$ 413,800
\$ 415,500	And over	\$ 119,996.25 + 39.6%	\$ 415,500

(b) Married person			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$8,600		\$-0-	
Over	But not over		Of excess over
\$ 8,600	\$ 27,050	\$ 000.00 + 10.0%	\$ 8,600
\$ 27,050	\$ 83,500	\$ 1,845.00 + 15.0%	\$ 27,050
\$ 83,500	\$ 159,800	\$ 10,312.50 + 25.0%	\$ 83,500
\$ 159,800	\$ 239,050	\$ 29,387.50 + 28.0%	\$ 159,800
\$ 239,050	\$ 420,100	\$ 51,577.50 + 33.0%	\$ 239,050
\$ 420,100	\$ 473,450	\$ 111,324.00 + 35.0%	\$ 420,100
\$ 473,450	And over	\$ 129,996.50 + 39.6%	\$ 473,450

State supplemental income tax withholding rates for 2015

Comparable to the optional flat rate of 25% (for 2014 and 2015) that can be used for computing federal income tax on supplemental wages such as bonuses, some states also allow for a fixed supplemental rate of income tax withholding.

Following is our 2015 survey of states that allow for the optional use of the supplemental withholding method and the rates that apply for 2015. Changes since our January 2014 survey are highlighted in yellow.

States offering a supplemental withholding tax rate option* as of January 6, 2015

Changes between the 2014 and 2015 survey are highlighted in yellow

State supplemental withholding tax rate options for 2015		
State	Web site reference	Supplemental withholding tax rate
Alabama	http://www.revenue.alabama.gov/withholding	5.00%
Arkansas	http://www.dfa.arkansas.gov/offices/incomeTax	6.9%↓
California	http://www.edd.ca.gov/pdf_pub_ctr/15methb.pdf	
Supplemental wages		6.60%
Bonus and stock options		10.23%
Colorado	https://www.colorado.gov/pacific/sites/default/files/DR1098.pdf	4.63%
Georgia	http://dor.georgia.gov/sites/dor.georgia.gov/files/related_files/document/TSD/Guide/WH%20Employers%20Tax%20Guide_06052014_1.pdf	
Annual wages: under \$8,000		2.00%
\$8,000-\$10,000		3.00%
\$10,000-\$12,000		4.00%
\$12,000-\$15,000		5.00%
over \$15,000		6.00%
Idaho	http://tax.idaho.gov/pubs/EPB00006_11-18-2014.pdf	7.40%
Illinois	http://www.revenue.state.il.us/TaxForms/Withholding/IL-700-T.pdf	3.75%↓
Indiana	http://www.in.gov/ActiveCalendar/EventList.aspx?fromdate=12/16/2014&todate=12/16/2014&display=Day&type=public&eventidn=199605&view=EventDetails&information_id=209306	3.30%↓
Iowa	https://tax.iowa.gov/sites/files/idr/forms1/44001_0.pdf	6.00%
Kansas	https://www.kdor.org/developers/forms/non-scan/KW-10015.pdf	4.50%
Maine	http://www.maine.gov/revenue/forms	5.00%↓
Maryland	http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Income_Tax/Employer_Withholding/Withholding_Tables/Percentage_Method.shtml	MD resident 5.75% plus local WH Rate; 7.0% for MD nonresidents and 3.2% for residents employed in Delaware
Massachusetts	http://www.mass.gov/dor/docs/dor/forms/wage-rpt/pdfs/circ-m-current.pdf	5.15%
Michigan	http://www.michigan.gov/documents/taxes/446_2013_442640_7.pdf	4.25%

State supplemental withholding tax rate options for 2015		
State	Web site reference	Supplemental withholding tax rate
Minnesota	http://www.revenue.state.mn.us/Forms_and_Instructions/wh_inst_15.pdf	6.25%
Missouri	http://dor.mo.gov/forms/4282_2015.pdf	6.00%
Montana	http://revenue.mt.gov/Portals/9/businesses/wage_withholding/Employers%20Tax%20Guide%202014.pdf	6.00%
Nebraska	http://www.revenue.nebraska.gov/withhold.html	5.00%
New Mexico	http://www.tax.newmexico.gov/withholding-tax-historic-rates.aspx	4.90%
New York	http://www.tax.ny.gov/pdf/publications/withholding/nys50_t_nys.pdf	9.62% (For 2015, New York City is 4.25%, Yonkers resident is 1.61135% and Yonkers nonresident is 0.50%)
North Carolina	http://www.dor.state.nc.us/downloads/nc30_2015.pdf	5.75%↓
North Dakota	http://www.nd.gov/tax/indwithhold/pubs/withholdingbooklet2015.pdf?20141219141307	2.28%
Ohio	http://www.tax.ohio.gov/employer_withholding/faqs/employer_withholding.aspx	3.50%
Oklahoma	http://www.tax.ok.gov/publicat/2015%20Withholding%20Tables.pdf	5.25%
Oregon	http://www.oregon.gov/dor/BUS/docs/withholding-tax-formulas_206-436_2015.pdf	9.00%
Pennsylvania	http://www.revenue.pa.gov/FormsandPublications/FormsforBusinesses/Documents/Employer%20Withholding/rev-580.pdf	3.07% (+employee) unemployment insurance tax of 0.07%
Rhode Island	http://www.tax.ri.gov/forms/2015/Withholding/2015%20Withholding%20Booklet.pdf	5.99%
South Carolina	http://www.sctax.org/forms/withholding/wh-1603f-form	7.00%
Vermont ³	http://www.state.vt.us/tax/pdf.word.excel/business/2015-Withholding-Instructions-Charts-Tables.pdf	24% of federal withholding
Virginia	http://www.tax.virginia.gov/taxforms/Business/Withholding%20Tax/Employer%20Withholding%20Instructions.pdf	5.75%
West Virginia	http://www.state.wv.us/taxrev/uploads/lt100-1-a.pdf	
Annual wages under \$10,000		3.00%
\$10,000-\$25,000		4.00%
\$40,000-\$60,000		6.00%
over \$60,000		6.50%
Wisconsin	http://www.revenue.wi.gov/pubs/pb166.pdf	
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 supplemental income tax withholding rates for 2015

Continued

States with revised income tax withholding guides or tables for 2015

State	Effective date	Web site
Arkansas	1-Jan-15	http://www.dfa.arkansas.gov/offices/incomeTax/withholding/Documents/whformula.pdf
California	1-Jan-15	http://www.edd.ca.gov/pdf_pub_ctr/15methb.pdf
Colorado	1-Jan-15	https://www.colorado.gov/pacific/sites/default/files/DR1098.pdf
Connecticut	31-Aug-15	http://www.ct.gov/drs/cwp/view.asp?Q=569194&A=1436
District of Columbia	1-Jan-15	http://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/publication/attachments/47922_FR-230_1615.pdf
Idaho (revised guide only)	1-Jan-15	http://tax.idaho.gov/pubs/EPB00006_07-30-2015.pdf
Illinois	1-Jan-15	http://www.revenue.state.il.us/TaxForms/Withholding/IL-700-T.pdf
Indiana	1-Jan-15	http://www.in.gov/ActiveCalendar/EventList.aspx?fromdate=12/16/2014&todate=12/16/2014&display=Day&type=public&eventidn=199605&view=EventDetails&information_id=209306
Kansas	1-Jan-15	https://www.kdor.org/developers/forms/non-scan/KW-10015.pdf
Kentucky	1-Jan-15	http://revenue.ky.gov/NR/rdonlyres/07644FF8-0204-48F2-B781-4720C38006C4/0/201542A003Trev11314page23.pdf
Maine	1-Jan-15	http://www.maine.gov/revenue/forms/with/2015.htm
Maryland	1-Jan-15	http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Income_Tax/Employer_Withholding/Withholding_Tables/Percentage_Method.shtml
Massachusetts	1-Jan-15	http://www.mass.gov/dor/docs/dor/forms/wage-rpt/pdfs/circ-m-current.pdf
Minnesota	1-Jan-15	http://www.revenue.state.mn.us/Forms_and_Instructions/wh_inst_15.pdf
Missouri	1-Jan-15	http://dor.mo.gov/forms/4282_2015.pdf
New Mexico	1-Jan-15	http://www.tax.newmexico.gov/withholding-tax-historic-rates.aspx
New York	1-Jan-15	http://www.tax.ny.gov/pdf/publications/withholding/nys50_t_nys.pdf
North Carolina	1-Jan-15	http://www.dor.state.nc.us/downloads/nc30_2015.pdf
North Dakota	1-Jan-15	http://www.nd.gov/tax/indwithhold/pubs/withholdingbooklet2015.pdf?20141219141307
Ohio	1-Aug-15	http://www.tax.ohio.gov/employer_withholding/employer-withholding-tables-08012015.aspx
Oklahoma	1-Jan-15	http://www.tax.ok.gov/publicat/2015%20Withholding%20Tables.pdf
Oregon	1-Jan-15	http://www.oregon.gov/dor/BUS/Pages/payroll_updates.aspx
Puerto Rico*	1-Jan-15	http://www.hacienda.gobierno.pr/comerciantes/patronos-y-agentes-retenedores/tablas-de-retencion-withholding-tables
Rhode Island	1-Jan-15	http://www.tax.ri.gov/forms/2015/Withholding/2015%20Withholding%20Booklet.pdf
South Carolina (revised guide only)*	1-Jan-15	http://www.sctax.org/forms/withholding/wh-1603-2015-form
Vermont	1-Jan-15	http://www.state.vt.us/tax/pdf.word.excel/business/2015-Withholding-Instructions-Charts-Tables.pdf

*Revision is expected.

Ernst & Young LLP employment tax advisory contacts

Anthony Arcidiacono
anthony.arcidiacono@ey.com
 +1 732 516 4829

Jimmy Kennedy
jimmy.kennedy@ey.com
 +1 732 516 4170

Peter Berard
peter.berard@ey.com
 +1 212 773 4084

Nicki King
nicki.king@ey.com
 +1 214 756 1036

Gregory Carver
gregory.carver@ey.com
 +1 214 969 8377

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

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

Candylin Mendoza
candylin.mendoza@ey.com
 +1 212 773 3664

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

Chris Peters
christina.peters@ey.com
 +1 614 232 7112

Richard Ferrari
richard.ferrari@ey.com
 +1 212 773 5714

Matthew Ort
matthew.ort@ey.com
 +1 214 969 8209

David Germain
david.germain@ey.com
 +1 516 336 0123

Gino Petrozzi
gino.petrozzi@ey.com
 +1 732 516 4792

Julie Gilroy
julie.gilroy@ey.com
 +1 312 879 3413

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

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

Debbie Spyker
deborah.spyker@ey.com
 +1 720 931 4321

Jessica Heroy
jessica.heroy@ey.com
 +1 704 331 1869

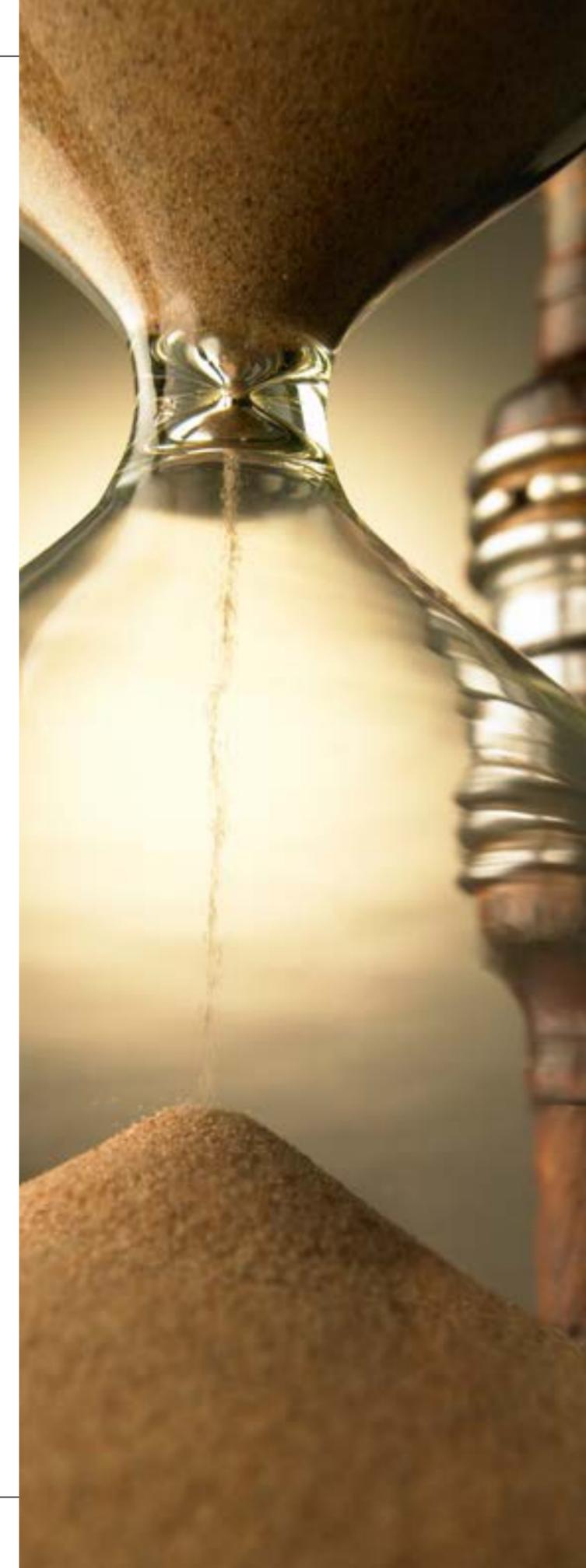
Mike S. Willett
mike.willett@ey.com
 +1 404 817 4637

Connect with us

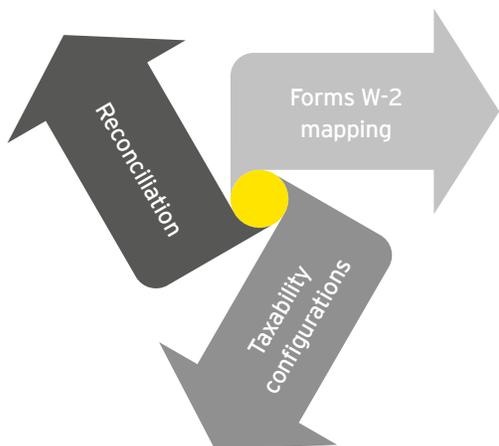
 Visit us on LinkedIn

 Follow us on Twitter

Read our blog at *Payroll Perspectives From EY*



Are you ready for year-end?



A glitch in your payroll system or employment tax processes can easily go undetected and may result in costly errors in Forms W-2 and other employment tax returns.

Get the support you need for 2015!

Take a look at how Ernst & Young LLP's employment tax professionals are [assisting](#) businesses in meeting their year-end requirements.

Access our free year-end resources [here](#).

Tax process review*

Through staff interviews, data analysis and random sampling, our team identifies areas of opportunities and risk involving:

- ▶ Cash management
- ▶ Employee master file and pay/deduction transactions
- ▶ Recordkeeping, data management and reporting
- ▶ Federal, state, local and provincial tax reporting
- ▶ Efficiency/accuracy safeguards
- ▶ Reconciliation and third-party oversight

Employment Tax (ET) Rapid Assessment™

With our ET Rapid Assessment™, businesses can access our secure web-based portal, or schedule an on-location meeting to complete our assessment questionnaire and receive a report highlighting potential risks and opportunities within their employment tax operations. Our team of qualified tax professionals support the process by reviewing the flags, ranking their priority, and co-developing any follow-up action plans.

Tax configuration review

Employment tax processes are driven by configuration tables, payroll codes and attributes that direct the tax treatment of compensation and how it is ultimately mapped to returns and information statements. Our employment tax team reviews these data elements and assists businesses in designing and managing workflows to maintain their integrity.

System implementation support*

Adding our skilled resources to the system implementation team adds integrity to the employment tax processes while freeing staff resources to focus on their routine responsibilities. Implementation support is available in all phases including:

- ▶ Data migration planning and implementation
- ▶ Design and specifications
- ▶ Testing and data sampling

Co-sourcing*

Our qualified professionals are available to meet your employment tax operational needs whether it be staffing, training or responding to one-off questions.

*The scope of these services may be limited for Ernst & Young LLP SEC registrant audit clients

Our integrated services for assessing performance, enabling change and supporting your needs

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](#).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

Ernst & Young LLP does not bear any responsibility whatsoever for the content, accuracy or security of any links (by way of hyperlink or otherwise) to external websites.

© 2015 Ernst & Young LLP.
All Rights Reserved.

SCORE No. YYXXXX
CSG No. 1512-1785585 SW
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

[ey.com](#)

Contact

For more information please contact:

Gregory Carver
Ernst & Young LLP
National Director,
Employment Tax Services
+1 214 969 8377
gregory.carver@ey.com

Bryan De la Bruyere
Ernst & Young LLP
Senior Manager,
Employment Tax Services
+1 404 817 4384
bryan.delabruyere@ey.com