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**January 9, 2023: Updates were made to North Carolina and Wisconsin.**

## 2023 state supplemental, flat tax and highest income tax withholding rates with hyperlinks to the latest withholding tables/instructions (as of January 9, 2023)

To assist you in reviewing your state and US territory income tax withholding rates for 2023, the chart beginning on the following page contains hyperlinks to the most recent income tax withholding formulas/tables published by the states and US territories, information concerning their respective highest income tax withholding rates (based on their percentage method of withholding) or flat tax withholding rates, and their supplemental withholding rates, if applicable.

### Supplemental withholding rate

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

For federal purposes, employers may opt to use a flat tax rate of 22% on supplemental wages up to \$1 million for the year; however, a mandatory flat tax rate of 37% applies to supplemental wages over \$1 million. Note that the flat 37% rate applies even if an employee has submitted a federal Form W-4 claiming exemption from federal income tax withholding. (*Treas. Reg. Section 31.3402(g)-1*; see *IRS Publication 15-T for the 2023 federal income tax withholding tables*.)

### State legislative landscape

Last year, legislation and ballot initiatives were adopted that retroactively changed personal income tax rates in several states. Early indications show that this trend is likely to continue in 2023.

Updates to this chart will be available in our **2023 Employment tax rates and limits** report, anticipated to be available in late January 2023, and updated throughout the year. You can find the report, once available, [here](#).

## Survey\*\* results as of January 9, 2023

- Click on the jurisdiction names below to view the latest income tax withholding tables/formulas.
- Changes from 2023 are highlighted in yellow.
- Turquoise highlighting indicates that 2023 withholding tables/formula are anticipated but not yet available. Information shown is from the tables/formula currently available on the jurisdiction's website.

Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
<a href="#">Alabama*</a>	4-1-22	5.0%	N/A	5.0%
<a href="#">American Samoa</a>	1-1-07	N/A	N/A	27.0%
<a href="#">Arizona*</a>	1-1-23	N/A	2.5%	N/A (A flat tax of 2.5% applies effective 1-1-23.)
<a href="#">Arkansas*</a>	10-1-22	4.9% (Effective 10-1-22)	N/A	4.9% (Effective 10-1-22)
<a href="#">California*</a>	1-1-23	6.60% and 10.23% on bonus and stock options	N/A	14.63%
<a href="#">Colorado</a>	11-14-22 (Note that DR 1098 (rev. 11-14-22) is used by employers to compute income tax withholding.)	N/A	4.4% (Reduced from 4.5% retroactively to 1-1-22 by voters under Proposition 121 and confirmed by Colorado Governor Jared Polis in Executive Order 2022-048.)	N/A
<a href="#">Connecticut*</a>	1-1-23	N/A	N/A	6.99%
<a href="#">Delaware</a>	1-1-14	5.0% is recommended for deferred compensation payments	N/A	6.60%
<a href="#">District of Columbia</a>	1-1-18	N/A	N/A	10.75% (Effective 1-1-22, the highest income tax rate is 10.75% under D.C. Act 24-178; however, the last update to the withholding tables was in 2018 with the highest withholding rate shown)

Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
				at 8.95%. Employers are encouraged to use the new rate table that went into effect 1-1-22.)
Georgia	1-1-23 Annual wages under \$8,000 \$8,000-\$10,000 \$10,001-\$12,000 \$12,001-\$15,000 over \$15,000	2.0% 3.0% 4.0% 5.0% 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.)
Hawaii	9-13-21	N/A	N/A	7.9% (The top individual tax rate is 11%.)
Idaho*	6-15-22	6.0%	(H.B. 1 moves the state to a flat tax of 5.8% effective 1-1-23.)	6.0% (H.B. 1 moves the state to a flat tax of 5.8% effective 1-1-23.)
Illinois	1-1-23	N/A	4.95%	N/A
Indiana	1-1-23 (For the county income tax rates effective 1-1-23, go <a href="#">here</a> .)	N/A	3.15% plus local income tax rate (HB1002 lowers the tax rate to 3.15% for 2023 and 2024.)	N/A
Iowa*	1-1-23	6.0%	N/A	6.0% (House File 2317 phases down individual income tax rates over the next four years starting in 2023 to a flat rate of 3.9% by tax year 2026.)
Kansas*	6-21-21	5.0%	N/A	5.7%
Kentucky	1-1-23	N/A	4.5% (In 2022, the Kentucky Department of Revenue announced that for 2023 the rate will be reduced to 4.5% and the standard deduction will increase from \$210 to \$2,980.)	N/A

Jurisdiction	Last revision date of the income tax withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
Louisiana	1-1-22	N/A	N/A	4.25%
Maine*	1-1-23	5.0%	N/A	7.15%
Maryland*	1-1-23	Use the rate at the bottom of the <a href="#">local tax table</a> . Withhold at 3.2% for residents of Maryland working in Delaware and other nonreciprocal states. ( <i>Maryland Tax Facts.</i> )	N/A	Use the rate at the bottom of the <a href="#">local tax table</a> . Withhold at 3.2% for residents of Maryland working in Delaware and other nonreciprocal states. ( <i>Maryland Tax Facts.</i> )
Massachusetts	1-1-20	N/A	5.0%	(Voters <a href="#">approved</a> a measure that, effective 1-1-23, would establish a higher tax rate for millionaires creating a graduated income tax.)
Michigan	1-1-22	N/A	4.25%	N/A
Minnesota*	1-1-23	6.25%	N/A	9.85%
Mississippi	1-1-23	N/A	5.0%	N/A (HB 531 moved the state to a flat tax, effective 1-1-23. The flat tax is set to be lowered to 4.7% in 2024, 4.4% in 2025 and to 4.0% in 2026.)
Missouri*	1-1-23	4.95%		4.95% (SB 3 lowers the highest income tax rate to 4.95% effective 1-1-23.)
Montana*	1-1-23	6.0%	N/A	6.6%
Nebraska*	1-1-23	5.0%	N/A	6.75% (LB 873 gradually lowers the income tax rate starting in 2023.)
New Jersey	10-1-20	N/A	N/A	11.80%
New Mexico*	1-1-23	5.90%	N/A	5.90%
New York*	1-1-23	11.70% (New York City is 4.25%, Yonkers resident is 1.95975%, Yonkers nonresident is 0.50%)	N/A	11.70% (Note that S. 8009 accelerates income tax rate reductions originally passed in 2016 for middle-income earners effective 1-1-

Jurisdiction	Last revision date of the income tax Withholding formula/tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
				23. These changes are reflected in the 2023 income tax withholding formula but do not affect the highest tax rate.)
North Carolina*	1-1-23	4.85%	4.75%	N/A
North Dakota*	1-1-23	1.84%	N/A	2.90%
Ohio*	9-1-21 to 12-31-23 School district tax effective 1-1-23	3.5%	N/A	5.009% (Note that the highest individual tax rate is 3.99% as adjusted by House Bill 110 and effective 1-1-21.)
Oklahoma*	1-1-23	4.75%	N/A	4.75%
Oregon*	1-1-23	8.0%	N/A	9.90%
Pennsylvania	3-1-14	N/A	3.07% plus, employee unemployment insurance tax rate of 0.07% and local tax rate	N/A
Puerto Rico	1-1-17	N/A	N/A	33%
Rhode Island*	1-1-23	5.99%	N/A	5.99%
South Carolina*	1-1-23	N/A	N/A	6.5%
Utah*	1-1-23	N/A	4.85%	N/A
Vermont*	1-1-23	30% of federal income tax withholding (6% for payments under a nonqualified deferred compensation plan)	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	3.0% 4.0% 4.50% 6.0% 6.50%	N/A	6.50%

Jurisdiction	Last revision date of the income tax Withholding tables <sup>1</sup>	Supplemental withholding rate	Flat income tax withholding rate	Highest marginal income tax withholding rate <sup>2</sup>
Wisconsin*	1-1-22 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.

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

1. You can find updates to the 2023 state income tax withholding rates in our **2023 employment tax rates and limits report**, available in January 2023, and updated throughout the year. You can find the report, once available, [here](#).
2. The highest personal income tax rate may not always be the same as the highest withholding rate (e.g., Hawaii and Ohio).

Note also that legislation enacting a retroactive change in the personal income tax rates may not always be immediately reflected in the withholding rates (e.g., District of Columbia in 2022). There were many states that enacted retroactive changes to their personal income tax rates in 2022 (see our [2022 employment tax rates and limits report](#)), and early indications are that this trend will continue into 2023. When the personal income tax rates and the withholding rates differ, employees should be informed that their withholding may not reflect the most current personal income tax rates and that employers are generally required to follow the state's administrative guidance concerning withholding formula and instructions.

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## Alabama

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

## Arizona

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% flat tax rate beginning in 2023.

## Arkansas

The Arkansas Department of Revenue released the revised [withholding tax formula](#) effective October 1, 2022, reflecting the changes made by [SB.1 \(Act 2\)](#), enacted on August 11, 2022. Retroactive to January 1, 2022, SB. 1 lowers the top marginal income tax rate from 5.5% to 4.9% and increases the income level at which the highest tax rate applies. SB. 1 accelerates the tax cuts that were signed into law in December 2021 and is anticipated to save taxpayers over \$400 million. ([Governor Hutchison, Summary of Tax Cuts](#).)

If bonuses, commissions, or overtime wages are paid at the same time as regular wages, the income tax withheld is determined by deducting 4.9% of the bonus or commission for state income tax.

The Department suggests that employers advise their employees that the 4.9% withholding rate could, in some cases, be more than the income tax liability and cannot be recovered until the employee files the Arkansas personal income tax return. (*Withholding Tax, Employer's Instructions*, p 4.).

## **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). (*2023 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%. (*Idaho State Tax Commission, Computing Withholding.*)

## **Iowa**

The supplemental rate of withholding is 6%. (*Iowa Withholding Tax Information*; Iowa Administrative Code 701–307.2(3).)

## **Kansas**

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

## **Maine**

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

## **Maryland**

Under [SB 133](#) and effective in 2022, each county is authorized to set by ordinance or resolution, a county income tax rate equal to at least 2.25% (previously, 1%) and to apply the county income tax on a bracket basis. A county that imposes the tax on a bracket basis: (1) must set, by ordinance or resolution, the income brackets that apply to each income tax rate; (2) may set income brackets that differ from the income brackets to which the state income tax applies; (3) may not set a minimum income tax rate less than 2.25% of an individual's Maryland taxable income; and (4) may not apply an income tax rate to a higher income bracket that is less than the income tax rate applied to a lower income bracket. The legislature overrode the governor's veto on December 6, 2021.

## **Minnesota**

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

## **Missouri**

The supplemental rate of withholding is 4.95%. (*2023 Missouri Withholding Tax Formula*, p.1.)

## **Montana**

The supplemental rate of withholding is 6%. (*Withholding Tax Guide with Montana Withholding Tax Tables*, p.4.) 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.*) [LB 873](#), enacted in 2022, would gradually lower the income tax rates starting in 2023.

## New York

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

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

## New Mexico

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

## North Carolina

As a result of Session Law [2021-180](#), the individual income tax rate is scheduled to be reduced over the next few years. The individual income tax rate for tax year 2023 is 4.75%. This change is reflected in the tables and computations included in the 2023 withholding instructions and withholding allowance certificate forms published on the Department's website.

The supplemental withholding rate is 4.85%. (*North Carolina 2023 Income Tax Withholding Tables and Instructions for Employers, p. 10.*)

## 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.*)

## 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.*)

## **South Carolina**

The top tax rate was reduced starting in 2022 to 6.5% under [S. 1087](#), but the 2022 withholding tables did not reflect this change. The change is reflected in the 2023 tables. The top tax rate could be reduced again in the future if certain general fund growth tests are met. (*South Carolina Department of Revenue* [press release](#).)

## **Utah**

The personal income tax rate was lowered from 4.95% to 4.85% retroactive to January 1, 2022, under [SB 59](#).

## **Vermont**

The supplemental withholding rate is 30% of federal income tax withheld and 6% for payments under a nonqualified deferred compensation plan. (*Vermont Income Tax Withholding Instructions, Tables and Charts*, [p.3](#).)

## **Virginia**

The supplemental withholding rate is 5.75%. (*Virginia Income Tax Withholding Guide For Employers*, [p.16](#).)

## **Wisconsin**

The supplemental withholding method is explained in the *Wisconsin Withholding Tax Guide*, [p.24](#).

**Contact us for more information**

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