

EY Payroll NewsFlash Workforce Tax Services

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West Virginia law retroactively lowers personal income tax rates effective January 1, 2023

West Virginia Governor Jim Justice [announced](#) that the legislature joined in his call for the largest tax cut in the state's history by passing [H.B. 2526](#). The bill was signed into law on March 7, 2023 in a [ceremonial event](#).

Under H.B. 2526, the top income tax rate is lowered to 5.12% from 6.5% and the lowest tax rate drops to 2.36% from 3.00%, effective retroactive to January 1, 2023.

The law also calls for future tax rate reductions of not more than 10% if revenue benchmarks are met. Beginning on August 15, 2024, and every August 15 thereafter, the Secretary of Revenue will determine whether the total fiscal year adjusted general revenue fund collections from the immediately preceding fiscal year exceed the inflation adjusted base year revenues. If the total fiscal year adjusted general revenue fund collections from the immediately preceding fiscal year exceed the inflation adjusted base year revenues, the personal income tax rates will be reduced beginning in the next taxable year.

Supplemental wages

Under prior law, a supplemental rate of withholding was allowed, based on annual earnings as follows:

Supplemental rate 2007 to 2022

under \$10,000	3.0%
\$10,000-\$25,000	4.0%
\$25,000-\$40,000	4.50%
\$40,000-\$60,000	6.0%
over \$60,000	6.50%

Under HB 2526, the following applies:

Supplemental rate effective January 1, 2023

under \$10,000	2.36%
\$10,000-\$25,000	3.15%
\$25,000-\$40,000	3.54%
\$40,000-\$60,000	4.72%
over \$60,000	5.12%

The 2023 revised withholding tables, once available, will be posted to the West Virginia Tax Division's [website](#).

Contact us for more information

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