

EY Payroll NewsFlash

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Vol.24, 034
May 9, 2023

North Dakota law lowers personal income tax rates retroactive to January 1, 2023

On April 27, 2023, North Dakota Governor Doug Burgum signed into law [H.B. 1158](#), which retroactive to January 1, 2023, lowers the state's personal income tax rates by collapsing the tax brackets from five to three with tax rates of 0%, 1.95% and 2.5%. Under prior law, the highest tax rate was 2.9%. (The new tax tables for 2023 are reprinted below.)

Governor Burgum [stated](#) that H.B. 1158 represents the largest income tax relief package in the state's history.

The revised withholding tables and formula, once available, will be posted [here](#).

Supplemental wages

Under the current withholding guidelines, the supplemental rate of withholding for irregular payments, such as bonuses, is 1.84%. It is assumed that this rate will be reduced once the North Dakota withholding tables and formula are updated to reflect the tax cuts under H.B. 1158. (2023 North Dakota Income Tax Withholding Rates and Instructions, [p. 58](#).)

H.B. 1158

North Dakota personal income tax rates effective January 1, 2023

Single, other than head of household or surviving spouse

If North Dakota taxable income is:

Over	But not over	The tax is equal to	Of amount over
\$0	\$44,725	\$0.00 + 0.00%	\$0
\$44,725	\$225,975	\$0.00 + 1.95%	\$44,725
\$225,975		\$3,534.38 + 2.50%	\$225,975

Married filing jointly and surviving spouse

If North Dakota taxable income is:

Over	But not over	The tax is equal to	Of amount over
\$0	\$74,750	\$0.00 + 0.00%	\$0
\$74,750	\$275,100	\$0.00 + 1.95%	\$74,750
\$275,100		\$3,906.83 + 2.50%	\$275,100

Married filing separately

If North Dakota taxable income is:

Over	But not over	The tax is equal to	Of amount over
\$0	\$37,375	\$0.00 + 0.00%	\$0
\$37,375	\$137,550	\$0.00 + 1.95%	\$37,375
\$137,550		\$1,953.41 + 2.50%	\$137,550

Head of household

If North Dakota taxable income is:

Over	But not over	The tax is equal to	Of amount over
\$0	\$59,950	\$0.00 + 0.00%	\$0
\$59,950	\$250,550	\$0.00 + 1.95%	\$59,950
\$250,550		\$3,716.70 + 2.50%	\$250,550

Contact us for more information

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