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[Don't miss this month's insights—Many states considering law to exempt overtime pay](#)

## Top stories

### US employment tax rates and limits

Our 2024 edition of US employment tax rates and limits includes, as of January 25, 2024, the following:

- Social Security wage base for 2024
- Qualified pension plan limits for 2023 and 2024
- Health Savings Account limits for 2023 and 2024
- Fringe-benefit inflation adjustments and Form W-2 penalties for 2024
- Federal mileage rates and luxury vehicle limits for 2024
- Per diem rates under high-low substantiation method for 2024
- 2022 and 2023 FUTA credit reduction
- State unemployment insurance wage bases and tax rates for 2024
- Disability and paid family leave insurance wage base and rates for 2024
- Federal income tax withholding for 2024
- State income tax withholding tables, supplemental withholding, and the highest withholding tax rates for 2024

—[Download the latest report](#)

## Federal developments

### IRS to audit business use of aircraft by high-income taxpayers

In [IR-2024-46](#), the IRS announced it will begin audits on the use of business aircraft by high-income taxpayers and the allocation between business and personal use of those aircraft. The IRS plans to use advanced analytics and funding from the Inflation Reduction Act to conduct the audits.

—[Read more about this development in EY Tax Alert 2024-0477](#)

## State income tax withholding

### Puerto Rico releases 2024 pension limits

In Circular Letter 24-01, Puerto Rico's Treasury Department (PRTD) has announced the benefits and contribution limits for qualified retirement plans under Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011, as amended (the PR Code), for tax years beginning on or after January 1, 2024. Section 1081.01(h) of the PR Code requires the PRTD to report the applicable limits that are announced by the US Internal Revenue Service (IRS) and will apply to plans qualified under the PR Code.

—[Read more about this development in EY Tax Alert 2024-0441](#)

## State unemployment insurance

### State unemployment insurance wage bases for 2024

This alert provides the final state unemployment insurance wage bases for 2024 as compared to 2023.

—[Read more about this development in EY Tax Alert 2023-2106](#)

## Other payroll developments

### Hawaii enacts wage transparency law

Hawaii [SB 1057](#) requires that, effective January 1, 2024, Hawaii employers with 50 or more employees include in job advertisements the hourly rate and salary range that reasonably reflects the applicable compensation

—[Read more about this development in EY Tax Alert 2024-0395](#)

## Bill watch (tracking the status of legislation proposed in 2024)

### Georgia

<a href="#">HB 1015</a>	Status: Passed by the House, referred to the Senate (2-8-2024)	Topic: Personal income tax rates
Would, retroactive to January 1, 2024, lower the personal income tax rate from 5.49% to 5.39%. The tax rate would be reduced by 0.10% annually, if certain revenue benchmarks are met, effective January 1, 2025, until the rate reaches 4.99%.		

### Illinois

<a href="#">S.B. 2981</a>	Status: Introduced (1-31-2024)	Topic: Personal income tax on overtime pay
Would, effective immediately, create a deduction in an amount equal to any overtime wages paid to the taxpayer during the tax year.		

## Iowa

<a href="#">HB 2105</a>	Status: Introduced and referred to House Ways and Means (1-23-2024)	Topic: Taxation of nonqualified deferred comp
Would exclude nonqualified deferred compensation income from individual income tax retroactive to January 1, 2023.		

## Kansas

<a href="#">HB 2284</a>	Status: Governor vetoed (1-29-2024) Veto sustained (2-20-2024)	Topic: Income tax rate
Would have implemented a flat tax of 5.25%, exempt Social Security benefits from state income tax and increase the standard deduction by the cost of living		

## Kansas

<a href="#">HB 2420</a>	Status: House Committee on Taxation, hearing held (2-15-2024)	Topic: Nonresident income tax, de minimis exception
Would exempt nonresident employees performing work in Kansas from income tax for the first 30 days.		

## Mississippi

<a href="#">H.B. 224</a>	Status: Referred to House Ways and Means Committee (1-17-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime compensation from gross income effective January 1, 2024.		

## Missouri

<a href="#">H.B. 2315</a>	Status: Referred to House Ways and Means Committee (1-17-2024)	Topic: Personal income tax on overtime pay
Would authorize an income tax subtraction for work in excess of 40 hours in the workweek.		

## New Jersey

<a href="#">A.B. 2621</a>	Status: Referred to Assembly Labor Committee (1-9-2024)	Topic: Personal income tax on overtime pay
Would exclude the overtime pay of certain employees from gross income tax.		

## South Carolina

<a href="#">H.B. 4811</a>	Status: Introduced (1-10-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime income from personal income tax.		

## Wisconsin

<a href="#">A.B. 938</a>	Status: Introduced (1-12-2024)	Topic: Personal income tax on overtime pay
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Would exclude overtime income and certain bonuses from personal income tax.

#### West Virginia

<a href="#">H.B. 5296</a>	Status: Sent to House Finance Committee (1-29-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime income from personal income tax for three years.		

#### This month's insights

Many states are considering law to exempt overtime pay from personal income tax

Last year Alabama became the first state to exempt mandatory overtime pay from state personal income tax. The exemption, which took effect January 1, 2024, applies to compensation required to be paid to employees for hours worked over 40 per week under the [Fair Labor Standards Act](#). Employers withholding Alabama income tax from wages are required to submit reports showing the aggregate overtime pay and the number of full-time hourly employees who received the pay. (*For more information see the Alabama Department of Revenue [website](#) and Tax Alert [2023-1282](#).*)

Following Alabama's lead, eight states (Georgia, Illinois, Mississippi, Missouri, New Jersey, South Carolina, Wisconsin and West Virginia) are thus far considering similar legislation. See the [Bill watch](#) section for details.

#### View prior editions of *Payroll Month in Review*

- [Payroll Month in Review for March 2023](#)
- [Payroll Month in Review for April 2023](#)
- [Payroll Month in Review for May 2023](#)
- [Payroll Month in Review for June 2023](#)
- [Payroll Month in Review for July 2023](#)
- [Payroll Month in Review for August 2023](#)
- [Payroll Month in Review for September 2023](#)
- [Payroll Month in Review for October 2023](#)
- [Payroll Month in Review for November 2023](#)
- [Payroll Month in Review for December 2023](#)

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