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Don't miss this month's insights— [Income tax withholding considerations when employees work outside of their resident state](#)

Top stories

US employment tax rates and limits

Our 2024 edition of US employment tax rates and limits includes, as of June 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](#)

Report on state unemployment insurance requirements for employee notices and workplace posters updated through June 2024

Most states require that employers tell employees about their potential eligibility for unemployment insurance benefits. There are two forms of communications that most states require: (1) a notice to the employee at the time of separation and/or (2) a poster placed in a conspicuous location in the workplace.

Our special report includes the results of our May 2024 survey of state workforce agency websites and includes links, if applicable, to the states' requirements for unemployment insurance employee separation notices and workplace posters.

—[Download the latest report](#)

Federal and state Form W-4 compliance

Now that most employees have filed their 2023 personal income tax returns, employers can expect an increase in withholding tax questions and a rise in adjustments to federal and state withholding allowance certificates (e.g., federal Form W-4).

Our special report provides information employers need to know about federal and state Form W-4 compliance, with topics including:

- IRS Form W-4 regulations
- Compliance with IRS lock-in letters
- Federal Form W-4 top 10 tips
- Federal Form W-4 frequently asked questions
- Special instructions for US nonresident aliens
- State Form W-4 compliance in 2024
- 2024 State Form W-4 requirements survey
- 2024 state Form W-4 requirements heat map

—[Download the latest report](#)

Federal developments

IRS releases Health Savings Account limits for 2025

In [Revenue Procedure 2024-25](#), the IRS announced the inflation adjustments that will apply to Health Savings Accounts (HSAs) under IRC Section 223 effective for calendar year 2025.

—[Read more about in in Tax Alert 2024-1169](#)

US Department of Labor raises standard salary level for certain employees exempt from overtime pay starting July 1, 2024

For information purposes only. Employers should consider seeking the assistance of experienced employment law attorneys before implementing policy changes.

In a [revised rule](#) governing overtime pay exemptions for executive, administrative and professional employees, the US Department of Labor (DOL) has increased the standard salary level and the highly-compensated employee total compensation threshold (the alternative test).

—[Read more about in in Tax Alert 2024-1240](#)

State income tax withholding

Idaho releases revised 2024 income tax withholding formula and tables reflecting retroactive change in tax law

The Idaho State Tax Commission has published revised income tax withholding [formula/tables](#) to reflect the retroactive decrease in the personal income tax rate effective January 1, 2024. The update also includes an adjustment to the Idaho Tax Credit Allowance Table to reflect the lowered tax rate.

—[Read more about in in Tax Alert 2024-1175](#)

Georgia issues revised income tax withholding instructions to align with retroactive state tax law change

The Georgia Department of Revenue (DOR) has revised its [Employer's Withholding Tax Guide](#) (Guide) to reflect changes under [HB. 1015](#) and [HB 1021](#), which, retroactive to January 1, 2024, lower the personal income tax rate from 5.49% to 5.39% and make other changes affecting Georgia taxpayers' state income tax liabilities.

—[Read more about in in Tax Alert 2024-1213](#)

Utah Tax Commission rules out-of-state remote worker's wages are subject to Utah state income tax

The Appeals Division of the Utah State Tax Commission (Commission) held in 2024 that the 2019 wages of an employee working outside of the state for a Utah employer was Utah-source income and subject to the state's personal income tax ([Utah State Tax Commission Initial Hearing Order Appeal #22-2043](#)). The Commission issued a similar ruling in 2022 under comparable facts and circumstances ([Utah State Tax Commission Initial Hearing Order Appeal #21-1302](#)).

—[Read more about in in Tax Alert 2024-1171](#)

State and local payroll developments

New York law requires that employees receive paid prenatal leave and repeals COVID-19 paid sick leave law

For information purposes only. Employers should consider seeking the assistance of experienced employment law attorneys before implementing policy changes.

Contained in New York's final budget for fiscal year 2025 ([A08805, Part M](#)) is a new requirement that New York employers provide their employees with up to 20 hours of paid prenatal personal leave during any 52-week calendar period. The prenatal paid leave benefit is in addition to [paid sick leave](#) already required under New York state law. The law is effective January 1, 2025.

—[Read more about in in Tax Alert 2024-1224](#)

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

Georgia

HB 1015	Status: Signed into law 4-18-2024	Topic: Personal income tax rates
Retroactive to January 1, 2024, lowers the personal income tax rate from 5.49% to 5.39%. Effective January 1, 2025, reduces the tax rate by 0.10% annually if certain revenue benchmarks are met until the rate reaches 4.99%. Although the tax rate applies for the entire 2024 tax year, it does not go into effect until July 1, 2024.		

Illinois

SB 2981	Status: Introduced (1-31-2024)	Topic: Personal income tax on overtime pay
Would, effective immediately, create a deduction of the amount of any overtime wages paid to the taxpayer during the tax year.		

Iowa

HF 2638	Status: Failed to pass before legislature adjourned 4-20-2024	Topic: Taxation of nonqualified deferred comp
Would exclude nonqualified deferred compensation income from individual income tax retroactive to January 1, 2023.		

Iowa

SF 2442	Status: Signed into law 5-1-2024	Topic: Personal income tax rate
Accelerates the personal income tax rate reduction from 3.9% to 3.8% starting in 2025, rather than in 2026.		

Kansas

SB 1	Status: Signed into law 6-20-2024	Topic: Personal income tax rate
Retroactive to January 1, 2024, establishes a two-bracket income tax with tax rates of 5.2% and 5.58%. The previous three-bracket income tax rates were 3.1%, 5.2% and 5.7%.		

Kansas

HB 2284	Status: Governor vetoed (1-29-2024) Veto sustained (2-20-2024)	Topic: Income tax rate
Would have, among other things, implemented a flat tax of 5.25%, exempted Social Security benefits from state income tax and increased the standard deduction by a cost-of-living adjustment.		

Kansas

HB 2420	Status: Died in House committee (4-30-2024)	Topic: Nonresident income tax, de minimis exception
Would exempt nonresident employees performing work in Kansas from income tax for the first 30 days.		

Kentucky

HB 537	Status: Referred to House Committee (2-14-2024)	Topic: Bereavement leave
Effective 90 days after the legislature adjourns, would require that employers provide up to 10 days of bereavement leave (with a minimum of three days paid) following the death, miscarriage or stillbirth of the employee's child or the death of a dependent or other immediate family member of the employee.		

Maine

LD 1231	Status: Maine legislature unable to overcome Governor's veto	Topic: Personal income tax
Effective January 1, 2025, would have created three additional tax brackets to increase taxes paid by high-income earners.		

Mississippi

HB 224	Status: Died in Ways and Means Committee (3-27-2024)	Topic: Personal income tax on overtime pay
Would have excluded overtime compensation from gross income effective January 1, 2024.		

Missouri

HB 2315	Status: Failed to pass before legislature adjourned 5-30-2024	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

AB 2621	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.		

New Jersey

AB 3816	Status: Introduced, referred to Assembly Labor Committee (2-22-2024)	Topic: Bereavement leave
Effective immediately, would expand the current family and medical leave law to include leave due to death of a child or the miscarriage or stillbirth of a child.		

Ohio, Cincinnati

A Vision for the Future of Cincinnati p. 67	Status: The Cincinnati Futures Commission recommended modest hike in city's earnings (1-9-2024)	Topic: City earnings tax
Recommends a 0.15% increase to the City's earnings tax, bringing the adjusted rate to 1.95%		

Pennsylvania

H.B. 2388	Status: Referred to Finance (6-5-2024)	Topic: State Personal income tax
Effective July 1, 2024, would reduce the personal income tax rate from 3.07% to 2.8%.		

Pennsylvania

H.B. 181	Status: Laid on the table for later consideration (4-17-2024)	Topic: State paid family and medical leave insurance
Effective 180 days after enactment, would establish a state paid family and medical leave insurance program with contributions, yet to be determined, to be paid 50% by employers and 50% by employees (employers with fewer than 15 employees are not subject to the 50% contribution amount).		

Rhode Island

S. 2355	Status: Failed to pass before legislature adjourned (6-14-2024)	Topic: Personal income tax
Effective January 1, 2026, would impose a personal income tax surtax of 3% on taxable income over \$1 million.		

South Carolina

HB 4811	Status: Failed to pass before legislature adjourned (5-9-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime income from personal income tax.		

Wisconsin

AB 938	Status: Failed to pass in Senate (4-15-2024)	Topic: Personal income tax on overtime pay
Would have excluded overtime income and certain bonuses from personal income tax.		

West Virginia

HB 5296	Status: Failed to pass before legislature adjourned 3-9-2024	Topic: Personal income tax on overtime pay
Would exclude overtime income from personal income tax for three years.		

This month's insights

Income tax withholding considerations when employees work outside of their resident state

Some companies believe that if employees spend only a few days attending meetings or performing services in another state, their wages are exempt from nonresident income tax withholding. The fact is, states and localities differ in terms of what may constitute an exempt activity (e.g., activities incidental to the main job) and the time or wages (de minimis employment) that may be disregarded for income tax withholding purposes.

- Exempt occasional duties. Some jurisdictions specifically exempt from nonresident income tax wages paid to employees who are present in the state to perform occasional duties that are incidental to the employee's out-of-state job duties. Massachusetts, for instance, exempts from nonresident income tax work that is casual, isolated and inconsequential to the nonresident's primary business or employment duties performed at a base of operations outside of Massachusetts (i.e., occasional presence for management reporting or planning, training, attendance at conferences/symposia). ([830 CMR 62.5A.1\(3\)\(h\)](#).)

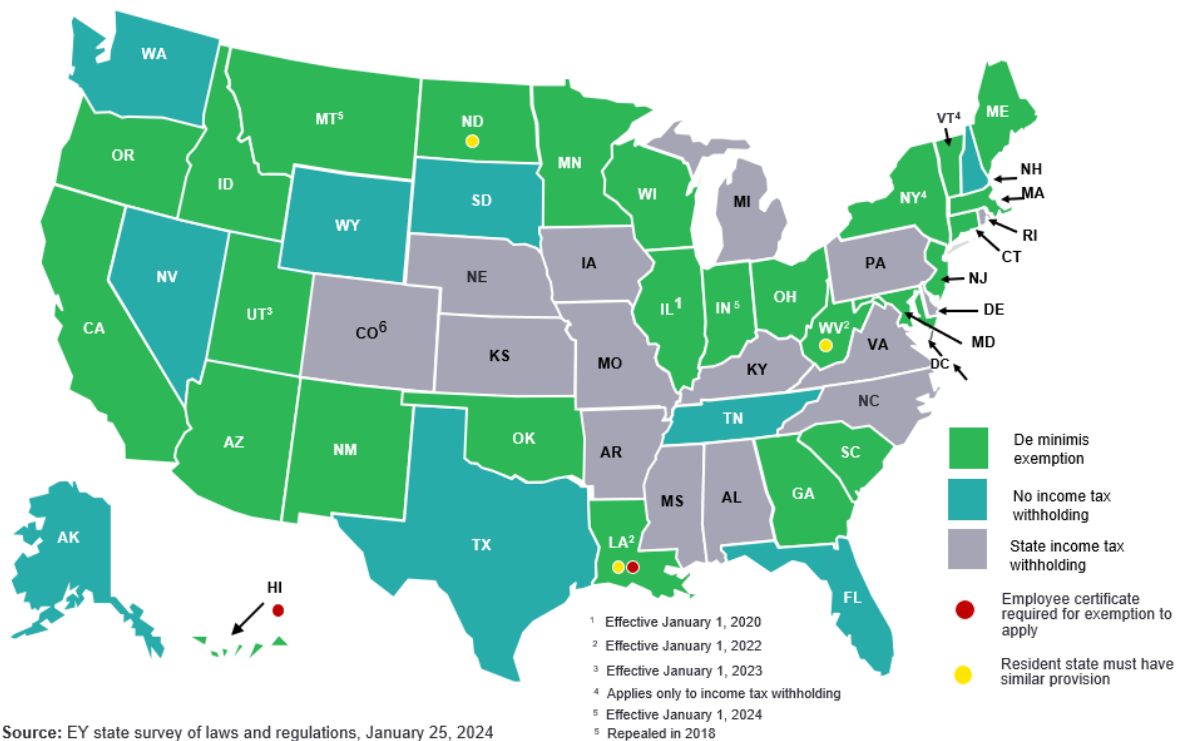
Philadelphia has a similar exemption for local income tax purposes. ([City of Philadelphia Income Tax Regulations, Article II, Section 209\(d\).](#))

- De minimis employment. Of the states that impose an income tax on wages, 27 of them exempt wages from nonresident income tax withholding if the tax liability or days present in the state is below a certain threshold. See the heat map below.

Outside of these 27 states, and with limited exceptions (e.g., states with reciprocal agreements), all covered wages derived from employment in a nonresident state are generally subject to the state's personal income tax and withholding requirements.

Failure to withhold nonresident income tax when required to do so can result in adverse consequences to employers, including liability for the uncollected taxes. For this reason, it is important that employers review their nonresident income tax withholding procedures with experienced employment tax professionals.

States with de minimis exceptions to the nonresident income tax withholding requirement



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- [Payroll Month in Review for April 2023](#)
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- [Payroll Month in Review for July 2023](#)
- [Payroll Month in Review for August 2023](#)
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