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Don't miss this month's insights— [It is time to review your 2024 payroll year-end checklist](#)

Top stories

US employment tax rates and limits

Our 2024 edition of US employment tax rates and limits includes, as of September 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 highest withholding tax rates for 2024

—[Download the latest report](#)

Report on state unemployment insurance requirements for employee notices and workplace posters updated through September 3, 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 September 3, 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

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 qualified retirement plan limitations for 2025; 401(k) pretax limit increases to \$23,500

The dollar limitations for retirement plans and certain other dollar limitations that become effective January 1, 2025, have been released by the IRS in Notice 2024-80.

—[Read more about it in Tax Alert 2024-2075](#)

IRS releases 2025 inflation adjustments for fringe benefits and Form w-2/1099 information reporting penalties

In Revenue Procedure 2024-40, the IRS announced the 2025 inflation adjustments that will apply to certain fringe benefits and to Form W-2/1099 information reporting penalties.

—[Read more about it in Tax Alert 2024-2076](#)

State unemployment insurance (SUI)

A FUTA credit reduction to apply in three jurisdictions in 2024

The US Treasury Department shows that for 2024, a FUTA credit reduction applies to three jurisdictions (California, New York and the Virgin Islands) because they failed to repay their outstanding loan balance by November 10, 2024.

—[Read more about it in Tax Alert 2024-2121](#)

State income tax withholding

Missouri to lower top personal income tax rates effective January 1, 2025

Missouri Governor Michael L. Parson has [announced](#) that effective January 1, 2025, the top personal income tax rate will be lowered from 4.8% to 4.7%.

—[Read more about it in Tax Alert 2024-2158](#)

West Virginia law lowers personal income tax rates effective January 1, 2025

West Virginia Governor Jim Justice signed into law [S.B. 2033](#) which, effective January 1, 2025, lowers the graduated income tax rates from a range of 2.36% to 5.12% to a range of 2.2% to 4.82%. The legislation allows for future tax rate cuts if revenue goals are met.

—[Read more about it in Tax Alert 2024-2154](#)

Other payroll developments

Federal court vacates US Department of Labor's increase in the standard salary level for certain employees exempt from overtime pay

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

On November 15, 2024, a federal judge in the Eastern District of Texas vacated a Department of Labor (DOL) rule that increased the salary threshold for employees exempt from overtime pay under the Fair Labor Standards Act (FLSA). The decision returns the salary threshold to the amount set in 2019 of \$684 per week and reverses the first phase of the increase that applied effective July 1, 2024.

—[Read more about it in Tax Alert 2024-2153](#)

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

Federal

H.R. 10026	Status: Introduced to the House Judiciary Committee (10-22-2024)	Topic: Multi-State Worker Tax Fairness Act
Would establish a uniform standard for taxing income based on physical presence in a state – remote workers would not be subject to state nonresident income tax on wages earned while not physically present in that state.		

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 did not go into effect until July 1, 2024.		

Illinois

SB 2981	Status: Failed to pass before legislature adjourned on 5-29-2024	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 on 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: Failed to pass before legislature adjourned on 4-14-2024	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.		

Louisiana

H.B. 10	Status: Sent to the Governor (11-25-2024)	Topic: Personal income tax
Effective January 1, 2025, would tax individual income at a flat 3%, repeal certain personal exemptions and net capital gains deductions, allow bonus depreciation retroactively for certain capital investments, and increase the retirement income tax exemption from \$6,000 to \$12,000.		

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 exclude overtime compensation from gross income effective January 1, 2024.		

Missouri

HB 2315	Status: Failed to pass before legislature adjourned on 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 the death of a child or the miscarriage or stillbirth of a child.		

New Jersey

S 2310	Status: Enacted into law (11-18-2024)	Topic: Pay transparency
Effective six months after enactment, requires transparency concerning compensation with promotional opportunities and in employment listings.		

Ohio

H.B. 682	Status: Referred to House committee on Ways and Means (11-12-2024)	Topic: Business tax credit for certain paid leave benefits
Would make employers that offer a minimum of 56 days of parental leave for employees who experience a birth or still birth, or who adopt a child, eligible for a nonrefundable tax credit in the same year that benefits are paid out.		

Oklahoma

S.B. 1	Status: 2025 bill pre-filed by the House (11-15-2024)	Topic: State personal income tax
Effective January 1, 2025, would reduce the state's graduated income tax rates by 0.25% if revenue collections exceed an itemized estimate of \$400 million.		

Pennsylvania

H.B. 2388	Status: Failed to pass before legislature adjourned on 11-14-2024	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: Failed to pass before legislature adjourned on 11-14-2024	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 on 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 on 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 exclude overtime income and certain bonuses from personal income tax.		

West Virginia

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

West Virginia

S.B. 2033	Status: Signed into law 10-29-2024	Topic: Personal income tax rates
Reduces the highest personal income tax rate from 5.12% to 4.67%.		

This month's insights

It is time to review your 2024 payroll year-end checklist

It is time to consider all the tasks necessary to successfully close 2024 and open 2025.

From tax filing to taxability, there is so much to consider when closing the year and starting anew and with federal, state and local rules constantly changing, preparing a year-end payroll checklist is no simple task. To get you started, we have compiled a sample checklist of items to consider for 2024 and 2025, and state charts to guide you through the Form W-2 and electronic filing requirements that apply.

You can download the Ernst & Young LLP payroll year-end checklist [here](#).

View prior editions of *Payroll Month in Review*

[Payroll Month in Review for December 2023](#)
[Payroll Month in Review for January-February 2024](#)
[Payroll Month in Review for March 2024](#)
[Payroll Month in Review for April 2024](#)
[Payroll Month in Review for May 2024](#)
[Payroll Month in Review for June 2024](#)
[Payroll Month in Review for July 2024](#)
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