

2025 PAYROLL TAX ALERT

The Alloy Silverstein Group strives to provide the information you need to run your business successfully. Following are important payroll tax figures and changes that affect employers for 2025.

EFFECTIVE JANUARY 1, 2025:

Minimum Wage

The effective rates per hour for 2025 are:

Federal	\$7.25	effective 7/24/09
New Jersey	\$15.49	effective 1/01/25
Pennsylvania	\$7.25	effective 7/24/09

Social Security/Medicare

The wage base increases to **\$176,100** for Social Security and remains UNLIMITED for Medicare. For Social Security, the tax rate is **6.20%** for both employers and employees. (Maximum Social Security tax withheld from wages is **\$10,918.20** in 2025). For Medicare, the rate remains unchanged at **1.45%** for both employers and employees.

Additional Medicare Tax

A **0.9%** additional Medicare tax must be withheld from an individual's wages paid in excess of **\$200,000** in a calendar year. There is no employer match for the additional Medicare tax.

Federal Unemployment Tax

The wage base remains at **\$7,000**. The effective tax rate for 2025 is **0.6%**.

New Jersey Gross Income Tax

The withholding tax rates for 2025 reflect graduated rates from **1.5%** to **11.8%**. The **11.8%** tax rate applies to individuals with taxable income over **\$1,000,000**.

New Jersey Unemployment Tax

The wage base is computed separately for employers and employees. For employers for 2025, the wage base increases to **\$43,300** for unemployment insurance, disability insurance and workforce development. Employee's unemployment

and workforce development wage base increase to **\$43,300**, maximum withholding **\$184.03**. However, employee's disability insurance and family leave wage base increases to **\$165,400**, maximum withholding **\$926.24**. The base week for 2025 will increase to **\$303**.

January 1 through December 31, 2025	Employee % Breakdown
Unemployment Insurance	0.3825%
Disability Insurance	0.2300%
Family Leave Insurance	0.3300%
Workforce Development	0.0425%
Total	0.9850%

Pennsylvania Income Tax

The withholding rate for 2025 remains at **3.07%**.

Pennsylvania Unemployment Tax

The employee rate for 2025 remains at **0.07%**. Wages subject to unemployment contributions for employees are unlimited. Wages subject to unemployment contributions for employers remain at **\$10,000**.

Pennsylvania Local Tax

Act 32 is a law that reformed and standardized the local earned income tax (EIT) system, which requires uniform withholding of earned income taxes and local services tax with remittance to a single local collector or Tax Officer. For details visit <http://dced.pa.gov>.

City of Philadelphia Wage Tax

Effective July 1, 2024 the tax rates remain unchanged at **3.75%** for Philadelphia residents and **3.44%** for nonresidents. These rates are adjusted by the City of Philadelphia on July 1st of each year.

401(K) Plan Limits

The maximum employee pretax contribution increases to **\$23,500** in 2025. The "catch-up" contribution remains at **\$7,500** for individuals age 50 or older. Starting in 2025, individuals aged 60-63 have an increased "catch-up" contribution of **\$11,250** instead of the **\$7,500**.

SIMPLE Plan Limits

The maximum salary deferral contribution increases to **\$16,500** in 2025. The "catch-up" contribution remains at **\$3,500** for individuals age 50 or older. Starting in 2025, individuals aged 60-63 have an increased "catch-up" contribution of **\$5,250** instead of the **\$3,500**.

Earnings under Social Security

A social security beneficiary under full retirement age can earn **\$23,400** before benefits are reduced. For every \$2 a person under full retirement age earns over \$23,400, \$1 is withheld from benefits. In the year an employee reaches full retirement age, \$1 in benefits will be withheld for each \$3 they earn above **\$62,160** until the month the employee reaches full retirement age. Once an employee reaches full retirement age or older, their benefits are not reduced regardless of how much they earn.

Forms W-4, I-9 and W-9

All new employees are required to file Forms W-4 and I-9 which are to be kept on file by the employer. A new Form W-4 should be obtained when an employee's filing status or exemption changes. Be sure to request and keep on file a completed Form W-9 from all non-corporate

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taxpayers to whom your company pays commissions, interest, rents, etc., totaling \$600 or more, and also payments made to certain incorporated entities such as attorneys for legal services and providers of medical and health care services.

Filing of Form W-2 and 1099

The IRS electronic filing requirement remains at 10 or more for information returns. If you need to file electronically via the Social Security's Business Services Online (BSO) visit ssa.gov/employer for more information about using the BSO. Form 1099 must provide the payer telephone number or will be subject to penalties.

New Jersey Filing of Form W-2 and 1099

Form NJ-W-3 and all W-2, W-2-G, 1099s, and 1094/1095s must be submitted electronically.

W-2 and 1099 Filing Deadline for Employers

The due date for filing 2024 Form W-2 with the Social Security Administration is January 31, 2025. Non-employee compensation, such as payment to independent contractors, will continue to be reported on Form 1099-NEC instead of 1099-MISC. The 1099-NEC return is also due January 31, 2025.

Health Benefits W-2 Reporting

Employers are required to include the aggregate cost of employer sponsored health benefits on the 2024 W-2's in Box 12 with code DD. It is for informational purposes only and will not be included in taxable income. Please contact us regarding the specific types of health benefits to be recorded. Small employers who file fewer than 250 W-2 Forms are exempt.

Pennsylvania 1099-MISC/NEC Withholding Tax

There is a withholding requirement for payors of Pennsylvania-source non-employee compensation and business income to non-resident individuals. In addition, lessees of Pennsylvania real estate making "lease payments" to non-resident lessors in the course of a trade or business are required to withhold personal income tax on payments of \$5,000 or more annually. The 1099-MISC/NEC forms will need to be filed with the Pennsylvania Department of Revenue by January 31, 2025 along with the Annual Withholding Statement (PA Form Rev-1667). Details can be found at <http://revenue.pa.gov>.

New Jersey Paid Sick Leave

New Jersey's earned sick leave affects almost every NJ employer. Law states for every 30 hours worked, 1 hour of sick time is earned up to a maximum of 40 hours per year. Please contact us for the specifics regarding this law.

New Jersey Electronic Funds Transfer (EFT)

New Jersey taxpayers with a prior year tax liability of \$10,000 or more are required to make tax payments by EFT. Once the taxpayer is required to make EFT deposits applying the threshold, all future payroll and business tax deposits must be made through EFT, regardless if the threshold is met each year after. Business taxpayers required to use EFT, and failing to do so, may be subject to severe penalties. Contact us if you have questions or need assistance completing applications.

Electronic Federal Tax Payment System (EFTPS)

Employers must pay their Federal Tax Liabilities through the Electronic Federal Tax Payment System unless they pay less than \$2,500 in quarterly payroll tax liabilities and pay their liability when filing their employment tax returns (Forms 941 and 944).

Household Employment-Domestic Workers

Household employers are required to withhold and pay FICA for domestic workers (age 18 and older) if paid cash wages of \$2,800 or more in 2025. The \$1,000 per calendar quarter threshold continues to apply for FUTA. These taxes are reported on Schedule H of the employer's personal tax return (Form 1040), but must be remitted through withholding or estimated payments during the year. For PA and NJ, unemployment coverage applies for domestic service in an employer's private home for cash wages of \$1,000 or more in a calendar quarter in the current or preceding calendar year.

New Hire Reporting Requirements

All employers in the states of New Jersey and Pennsylvania are required to report basic information about employees who are newly hired, rehired and returning to work after separation of employment or leave of absence, temporary employees, and contracted entities. Employers must report this information within 20 days at www.njcsesp.com and www.cwds.pa.gov. Failure to report a new employee could result in a fine up to \$25 per violation. For further information, contact us or call the State of NJ at 1-877-654-4737 or PA at 1-888-PA-HIRES.



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2025 WAGE TAX RATE SUMMARY

Federal	2025 Current Year	2024 Prior Year
FICA		
Employee Rate	6.20%	6.20%
Maximum Liability—Employee	\$ 10,918.20	\$ 10,453.20
Employer Rate	6.20%	6.20%
Maximum Liability—Employer	\$ 10,918.20	\$ 10,453.20
Wage Limit	\$ 176,100.00	\$ 168,600.00
MEDICARE		
Employee and Employer Rate	1.45%	1.45%
Maximum Deduction/Liability (each)	No Limit	No Limit
Wage Limit	No Limit	No Limit
Add'l Employee Rate on wages exceeding \$200,000	0.90%	0.90%
FUTA		
Employer Rate	0.60%	0.60%
Wage Limit	\$ 7,000.00	\$ 7,000.00
SOCIAL SECURITY BENEFITS		
<i>Earned income may be received without forfeiting benefits:</i>		
Under Full Retirement Age	\$ 23,400.00	\$ 22,320.00
After Full Retirement Age	No Limit	No Limit
New Jersey	2025 Current Year	2024 Prior Year
WAGES		
Minimum Wage	\$15.49	\$15.13
UNEMPLOYMENT & WORKFORCE DEVELOPMENT		
Maximum Taxable Earnings—Employer & Employee	\$ 43,300.00	\$ 42,300.00
Employee Deduction	0.425%	0.425%
DISABILITY		
Maximum Taxable Earnings—Employer	\$ 43,300.00	\$ 42,300.00
Maximum Taxable Earnings—Employee	\$ 165,400.00	\$ 161,400.00
Employee Deduction	0.23%	0.00%
PAID FAMILY LEAVE INSURANCE		
Maximum Taxable Earnings	\$ 165,400.00	\$ 161,400.00
Employee Deduction	0.33%	0.09%
Pennsylvania	2025 Current Year	2024 Prior Year
WAGES		
Minimum Wage	\$ 7.25	\$ 7.25
UNEMPLOYMENT		
Maximum Taxable Earnings—Employer	\$ 10,000.00	\$ 10,000.00
Maximum Taxable Earnings—Employee	No Limit	No Limit
Employee Deduction	0.07%	0.07%
City of Philadelphia	2025 Current Year	2024 Prior Year
CITY WAGE TAX		
Residents	3.75 %	3.75 %
Nonresidents	3.44 %	3.44 %

