



PAYROLL TAX ALERT

FEDERAL UPDATES

The Alloy Silverstein Group is committed to providing the insights you need to run your business with confidence. Here's a summary of important payroll tax figures and changes for all employers in 2026.

EFFECTIVE JANUARY 1, 2026:

Federal Minimum Wage

The effective minimum rate per hour for 2026 remains at **\$7.25**. Refer to your state's minimum wage law and rate.

Federal Unemployment Tax

The wage base remains at **\$7,000**. The effective tax rate for 2026 is **0.6%**.

Social Security/Medicare

The wage base increases to **\$184,500** 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 **\$11,439** in 2026). 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.

401(k) Plan Limits

The maximum employee pretax contribution increases to **\$24,500** in 2026. The "catch-up" contribution increases to **\$8,000** for individuals age 50 or older. In 2026, individuals aged 60-63 "catch-up" contribution of **\$11,250** remains the same as 2025.

SIMPLE Plan Limits

The maximum salary deferral contribution increases to **\$17,000** in 2026. The "catch-up" contribution increases to **\$4,000** for individuals age 50 or older.

New Roth Catch-Up Contributions

Starting in 2026, employees age 50 or older who earned \$150,000 or more in FICA wages the previous year must make

all catch-up contributions to their 401(k) on a Roth (after-tax) basis. Employers whose plans do not currently offer a Roth option will need to amend their plans in 2026 to accommodate this change and ensure systems are in place to allow for Roth catch-up contributions.

Earnings Under Social Security

A social security beneficiary under full retirement age can earn **\$24,480** before benefits are reduced. For every \$2 a person under full retirement age earns over \$24,480, \$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 **\$65,160** 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.

Tip and Overtime Reporting

Employers need to track "qualified tip income" and "qualified overtime income" paid. Though there is no special code or box on the 2025 Form W-2, accurate tracking is necessary for employees to claim deductions on their tax returns. This information may be voluntarily provided with a separate statement or report. It will be required to be reported on the 2026 Form W-2.

W-2 and 1099 Filing Deadline for Employers

The due date for filing 2025 Form W-2 with the Social Security Administration is **February 2, 2026**. 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 February 2, 2026.

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. Form 1099 must provide the payer telephone number or will be subject to penalties.

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).

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 taxpayers to whom your company pays commissions, interest, rents, etc., totaling \$600 or more for payments made in 2025 increasing to **\$2,000** or more in 2026, and payments made to certain incorporated entities such as attorneys for legal services and providers of medical and health care services.

New Hire Reporting Requirements

All employers are required to report basic information about employees who are newly hired or rehired. Please refer to your state's specific requirements and reporting process.



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2026 WAGE TAX RATE SUMMARY

Federal	2026 Current Year	2025 Prior Year
FICA		
Employee Rate	6.20%	6.20%
Maximum Liability—Employee	\$ 11,439.00	\$ 10,918.20
Employer Rate	6.20%	6.20%
Maximum Liability—Employer	\$ 11,439.00	\$ 10,918.20
Wage Limit	\$ 184,500.00	\$ 176,100.00
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	\$ 24,480.00	\$ 23,400.00
After Full Retirement Age	No Limit	No Limit

Household Employers – Federal Thresholds	2026 Current Year	2025 Prior Year
DOMESTIC WORKERS (18 and older)		
Withhold and pay FICA if cash wages exceed:	\$ 3,000.00	\$ 2,800.00
Threshold for FUTA (per calendar quarter):	\$ 1,000.00	\$ 1,000.00

1099 Compliance*

INFORMATION FORM	THRESHOLD	DUE TO RECIPIENT	DUE TO IRS
1099-NEC	\$600 (2025) \$2,000 (2026)	February 2, 2026	Mail: February 2, 2026 E-File: February 2, 2026
1099-MISC	\$600 (2025) \$2,000 (2026)	February 2, 2026	Mail: March 2, 2026 E-File: March 31, 2026
1099-INT	\$10	February 2, 2026	Mail: March 2, 2026 E-File: March 31, 2026
1099-DIV	\$10 or \$600 in liquidations	February 2, 2026	Mail: March 2, 2026 E-File: March 31, 2026

* Refer to your specific state for state 1099, withholding, and e-filing requirements and deadlines.



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