

Tax changes effective January 1, 2023

2023 Tax Changes

When you process payrolls with a pay date on or after January 1, 2023, the tax changes included in this document will automatically take effect.

Federal Tax Changes

Federal withholding tax changes include:

- Additional withholding amounts were added for Nonresident Aliens:
 - \$13,850 for employees who have filed a 2020 version of *Form W-4*
 - \$9,550 for employees who have not filed a 2020 version *Form W-4* and have a prior version on file
- Revised the [federal withholding tables](#)

Social Security tax changes include:

- Increased the Social Security wage base from \$147,000 to \$160,200. There is no limit on wages subject to Medicare taxes.

State and Local Tax Changes

Alaska Tax Changes

Alaska made the following changes to state unemployment insurance tax:

- Increased the employee and employer state unemployment wage base from \$45,200 to \$47,100
- Decreased the employee state unemployment tax rate from .56% to .51%

Arizona Tax Changes

Arizona made the following changes to state unemployment tax:

- Increased the state unemployment tax wage base from \$7,000 to \$8,000

Arizona made the following changes to state withholding:

- Changed the default calculation from 2.8% to 2%. **Note:** Arizona employees must complete a new *Form A4* and select a new tax rate or after January 31st their withholding will be calculated using the default rate of 2%.
- New state withholding rates are:
 - 1%
 - 1.5%
 - 2% (default)

- 2.5%
- 3%
- 3.5%
- No State A4 Filed (2%)
- 0%

Arkansas Tax Change

Arkansas made the following change to state unemployment insurance tax:

- Decreased the state unemployment wage base from \$10,000 to \$7,000

California Tax Changes

California made the following changes to their state disability insurance tax:

- Increased the state disability tax wage base from \$145,600 to \$153,164
- Decreased the state disability tax rate from 1.1% to .9%

California made the following changes to their state withholding:

- Revised their [state withholding tables](#)

Colorado Tax Changes

Colorado made the following changes to their state withholding:

- Decreased the withholding tax rate for regular and supplemental wages from 4.55% to 4.4%

Colorado made the following changes to their state unemployment insurance tax:

- Increased the state unemployment tax wage base from \$17,000 to \$20,400

Colorado Paid Family and Medical Leave changes:

- Colorado Paid Family and Medical Leave Insurance (FAMLI) goes into effect. For additional information, see the [FAMIL article](#) in the Insperity Help Center.
- Increased the Paid Family and Medical Leave employer and employee wage base from \$147,000 to \$160,200.

Connecticut Tax Change

Connecticut made the following change to Paid Family and Medical Leave:

- Increased the Paid Family and Medical Leave wage base from \$147,000 to \$160,200

District of Columbia Tax Change

The District of Columbia made the following change to their unemployment insurance tax:

- Changed the District of Columbia unemployment insurance taxability of employee HSA pre-tax contributions for regular and supplemental wages. Previously, employee pre-tax HSA contributions would reduce their DC unemployment insurance taxable wages. With this update, employee pre-tax HSA contributions will no longer reduce an employee's DC unemployment insurance taxable wages.

The District of Columbia made the following withholding tax change:

- The District of Columbia passed legislation in September of 2021 to increase state income tax on highly compensated employees. However, they did not publish updated rate tables until 9/2/22 and still have not published updated exemption amounts. These changes impact employees that have District of Columbia state income tax wages of \$250,000 or more in 2022 or received a lump sum pension distribution which now requires the higher 10.75% withholding rate. This is likely to result in employees being under-withheld in payroll. These employees will be responsible for making up any shortfalls when they file their individual tax returns. If employees are concerned about being under-withheld again in 2023, they can request additional tax be withheld.

Updated tax rates are highlighted below:

District of Columbia tax rates effective January 1, 2022

If the taxable income is:	The tax is:
Not over \$10,000	4% of the taxable income
Over \$10,000 but not over \$40,000	\$400, plus 6% of the excess over \$10,000
Over \$40,000 but not over \$60,000	\$2,200, plus 6.5% of the excess over \$40,000
Over \$60,000 but not over \$250,000	\$3,500, plus 8.5% of the excess over \$60,000
Over \$250,000 but not over \$500,000	\$19,650, plus 9.25% of the excess over \$250,000
Over \$500,000 but not over \$1,000,000	\$42,775, plus 9.75% of the excess above \$500,000
Over \$1,000,000	\$91,525, plus 10.75% of the excess above \$1,000,000

District of Columbia tax rates in the 2018 revision of FR-230 (effective 2016—2021)

If the taxable income is:	The tax is:
Not over \$10,000	4% of the taxable income
Over \$10,000 but not over \$40,000	\$400, plus 6% of the excess over \$10,000
Over \$40,000 but not over \$60,000	\$2,200, plus 6.5% of the excess over \$40,000
Over \$60,000 but not over \$350,000	\$3,500, plus 8.5% of the excess over \$60,000
Over \$350,000 but not over \$1,000,000	\$28,150, plus 8.75% of the excess above \$350,000
Over \$1,000,000	\$85,025, plus 8.95% of the excess above \$1,000,000

Hawaii Tax Changes

Hawaii made the following changes to their state unemployment insurance tax:

- Increased the state unemployment tax wage base from \$51,600 to \$56,700
- Increased the maximum weekly employee state unemployment insurance contribution from \$6.00 to \$6.59

Idaho Tax Changes

Idaho made the following changes to their state unemployment insurance tax:

- Increased the wage base from \$46,500 to \$49,900
- The state unemployment insurance Administrative Reserve Fund is in effect for 2023 with a tax rate of .17% and a wage base of \$49,900

Iowa Tax Changes

Iowa made the following changes to their state withholding:

- Revised the state [withholding tables](#)

Iowa made the following changes to their state unemployment insurance tax:

- Increased the state unemployment tax wage base from \$34,800 to \$36,100
- Decreased the maximum employer state unemployment tax rate from 7.5% to 7%.

Indiana Tax Changes

- Indiana made the following changes to their state withholding:
 - Decreased the withholding tax rate for regular and supplemental wages from 3.23% to 3.15%
 - Indiana released a new adopted child dependent exemption for withholding after September 30, 2022. Most employees are entitled to deduct \$3,000 per year per qualifying adopted child claimed on line 7 of Form WH-4. *Note:* Support for this additional exemption amount will require a program change that is expected to be delivered with the February 17, 2023 tax updates.
- Indiana made the following changes to local taxes:
 - **Greene County** (15-055-0000):
 - Increased the resident tax rate from 1.95% to 2.15%
 - Increased the non-resident tax rate from 1.95% to 2.15%
 - **Montgomery County** (15-107-0000)
 - Increased the resident tax rate from 2.3% to 2.65%
 - Increased the non-resident tax rate from 2.3% to 2.65%
 - **Perry County** (15-123-0000)
 - Decreased the resident tax rate from 1.81% to 1.4%
 - Decreased the non-resident tax rate from 1.81% to 1.4%

Kansas Tax Changes

Kansas made the following change to their state unemployment insurance tax:

- Decreased the maximum employer state unemployment insurance tax rate from 7.6% to 6.4%

Kentucky Tax Changes

Kentucky made the following changes to the state unemployment insurance tax:

- Increased the State unemployment insurance wage base from \$10,800 to \$11,100
- Decreased the maximum employer state unemployment insurance tax rate from 9.0% to 8.925%
- The state unemployment insurance Service Capacity Upgrade Fund is in effect for 2023 with a tax rate of .075% and a wage base of \$11,100

Kentucky made the following change to their state withholding:

- Decreased the withholding tax rate from 5% to 4.5%

Kentucky made the following change to local taxes:

- **Alexandria, Campbell County** (18-015-0000) increased the annual maximum tax from \$2,205 to 2,403
- **Boone County** (18-015-0000) increased the annual maximum tax from \$537.43 to \$583.25
- **Cold Spring, Campbell County** (18-037-1349) increased the annual maximum tax from \$1,470 to 1,602
- **Covington, Kenton County** (18-117-0130) increased the annual maximum tax from \$3,601.50 to \$3,924.90.
- **Crestview Hills, Kenton County** (18-117-1727) increased the annual maximum tax from \$1,690.50 to \$1,842.30.
- **Florence, Boone County** (18-015-0260) increased the annual maximum tax from \$2,940 to \$3,204
- **Fort Wright, Kenton County** (18-117-1030) increased the annual maximum tax from \$1,455.30 to \$1,585.98.
- **Highland Heights, Campbell County** (18-037-0380) increased the annual maximum tax from \$1,470 to \$1,602.
- **Jackson, Breathitt County** (18-025-1296) increased the annual maximum tax from \$2,940 to \$3,204
- **Kenton County** (18-117-0000)
 - Increased the annual maximum tax from \$375.74 to \$816.54. **Note:** The Tier 1 limit was increased from \$25,000 to \$80,100. The Tier 2 limit is the remaining wages to the Social Security wage base of \$160,200.
 - Increased the Occupational License Fee from .7097% to .9097%
 - Increased the annual maximum tax from \$325.74 to \$375.74
- **Newport, Campbell County** (18-037-0620) increased the annual maximum tax from \$3,675 to 4,005
- **Perryville, Boyle County** (18-021-1284) increased the Occupational License Fee from 1% to 1.5%
- **Simpson County** (18-213-0000) changed the taxability of Reported Tips from taxable to exempt

- **Union, Boone County** (18-015-1272) changed the start date of the Occupational License Fee of 2% with an annual maximum tax of \$3,204 to July 1, 2023. **Note:** Due to software delays, the City of Union has declared a Payroll Tax holiday for the first two quarters of 2023.
- **Warsaw, Gallatin County** (18-077-1495) increased the annual maximum tax from \$1,470 to \$1,602
- **Wilder, Campbell County** (18-037-1355) increased the annual maximum tax from \$3,307.50 to \$3,604.50

Maine Tax Changes

Maine made the following change to their state withholding:

- Increased the withholding allowance from \$4,450 to \$4,700
- Revised the [state withholding tables](#)

Massachusetts Tax Changes

Massachusetts made the following changes to Paid Family and Medical Leave:

- Decreased the Paid Family and Medical Leave employee tax rate from .344% to .318%
- Decreased the Paid Family and Medical Leave employer tax rate from .336% to .312%
- Increased the Paid Family and Medical Leave wage base from \$147,000 to \$160,200

Missouri Tax Changes

Missouri made the following changes to their state withholding:

- Decreased the supplemental withholding tax rate from 5.3% to 4.95%
- Revised the state [withholding tables](#)

Missouri made the following changes to their state unemployment insurance tax:

- Decreased the SUI wage base from \$11,000 to \$10,500
- Increased the maximum employer SUI tax rate from 9.45% to 9.765%

Minnesota Tax Changes

Minnesota made the following changes to their state withholding:

- Increased the withholding allowance amount from \$4,450 to \$4,800
- Revised the [state withholding tables](#)

Minnesota made the following change to their state unemployment insurance tax:

- Increased the state unemployment insurance and related Workforce Development Fee tax wage base from \$38,000 to \$40,000

Montana Tax Changes

Montana made the following changes to their state unemployment insurance tax:

- Increased the state unemployment and associated Administrative Fund tax wage base from \$38,100 to \$40,500

Montana made the following changes to their state withholding:

- Increased the withholding allowance from \$1,900 to \$2,070
- Revised the [state withholding tables](#)

Nebraska Tax Changes

Nebraska made the following changes to their state withholding:

- Increased the withholding allowance from \$2,080 to \$2,140
- Revised the [state withholding tables](#)

Nevada Tax Changes

Nevada made the following changes to their state unemployment insurance tax:

- Increased the state unemployment and associated Career Enhancement Program tax wage base from \$36,600 to 40,100

New Jersey Tax Changes

New Jersey made the following change to their state unemployment insurance tax:

- Increased the employee and employer state unemployment tax wage base from \$39,800 to \$41,100

New Jersey made the following changes to their state disability insurance tax:

- Increased the employer state disability tax wage base from \$39,800 to \$41,100
- Increased the employee state disability tax wage base from \$151,900 to \$156,800.
- Eliminated the employee state disability tax of .14%.

New Jersey made the following changes to their Family Leave Insurance tax:

- Increased the Family Leave Insurance wage base from \$151,900 to \$156,800
- Decreased the Family Leave Insurance tax rate from .14% to .06%

New Mexico Tax Changes

New Mexico made the following change to their state unemployment insurance tax:

- Increased the state unemployment tax wage base from \$28,700 to \$30,100

New Mexico made the following change to their state withholding tax:

- Revised their [state withholding tables](#)

New York Tax Changes

New York made the following change to their state unemployment insurance tax:

- Increased the state unemployment and related Re-Employment Service Fund tax wage base from \$12,000 to \$12,300
- New York made the following state withholding update:
 - Revised their [state withholding tables](#)

New York made the following changes to their Paid Family Leave tax:

- Decreased Paid Family Leave tax rate from .511% to .455%
- Decreased Paid Family Leave annual maximum tax from \$423.71 to \$399.43

New York made the following local tax updates:

- **Yonkers, Westchester County** (33-119-3230) updated their [withholding tables](#)

North Carolina Tax Change

North Carolina made the following change to their state withholding:

- Decreased the withholding tax rate for regular and supplemental wages from 5.09% to 4.85%

North Dakota Tax Change

North Dakota made the following change to their state withholding:

- Revised the [state withholding tables](#)

North Dakota made the following changes to their state unemployment insurance tax:

- Increased the state unemployment tax wage base from \$38,400 to \$40,800
- Increased the maximum employer state unemployment tax rate from 9.69% to 9.97%

Oklahoma Tax Changes

Oklahoma made the following changes to the state unemployment insurance tax:

- Increased the state unemployment tax wage base from \$24,800 to \$25,700
- Increased the maximum employer state unemployment tax rate from 7.5% to 9.2%

Ohio Tax Changes

Ohio made the following their state unemployment insurance tax:

- Increased the maximum employer state unemployment tax rate from 10.2% to 10.3%

Ohio made the following changes to their local taxes:

- **Archbold, Fulton County** (36-051-3300):
 - Increased the income tax rate from 1.5% to 1.8%

- Increased the credit limit from 1.5% to 1.8%
- **Arlington LSD (3202)** increased the tax rate from 1.25% to 1.75%. The following jurisdictions are affected:
 - Arlington, Hancock County 36-063-5175
 - Eagle Township, Hancock County 36-063-0311
 - Jackson Township, Hancock County 36-063-0312
 - Madison Township, Hancock County 36-063-0313
 - Van Buren Township, Hancock County 36-063-0318
- **Athens, Athens County (36-009-0080)**
 - increased the tax rate from 1.85% to 1.95%
- **Beverly, Washington County (36-167-5839)**
 - Increased the income tax rate from 1% to 1.25% for the Village of Beverly
 - Increased the credit limit from 1% to 1.25%
- **Cloverleaf LSD (5204)** decreased the tax rate from 1.25% to 1%. The following jurisdictions are affected:
 - Chatham Township, Medina County 36-103-0209
 - Chippewa Lake, Medina County 36-103-5418
 - Gloria Glens Park, Medina County 36-103-5419
 - Guilford Township, Medina County 36-103-0894
 - Harrisville Township, Medina County 36-103-0205
 - Lafayette Township, Medina County 36-103-0211
 - Lodi, Medina County 36-103-5424
 - Medina, Medina 26-103-1540
 - Rittman, Medina 36-103-2150
 - Seville, Medina County 36-103-3170
 - Westfield Center, Medina County 36-103-4594
 - Westfield Township, Medina County 36-103-0217
- **Fayetteville, Brown County (36-015-4853)**
 - Added Fayetteville with an income tax rate of 1%
 - Added a credit percentage of 100%
 - Added a credit limit of 1%.
- **Mount Gilead, Morrow County (36-117-1680):**
 - Increased the income tax rate from 1% to 1.25%
 - Eliminated the credit percentage of 50%, effective 1-1-22
 - Eliminated the credit limit of .5%, effective 1-1-22

- **North Lewisburg, Champaign County (36-021-4898)**
 - Lewisburg Village increased the income tax rate from 1% to 1.75%
- **Rutland, Meigs County (36-105-5441)**
 - Rutland implemented an income tax rate of 1%
- **Shalersville Twp JEDD, Portage County (36-133-7489) - ZIP Code 44255**
 - Added Shalersville Twp JEDD with a tax rate of 2%, effective 12-1-22.
- **Streetsboro, Portage County (36-133-4570)**
 - changed the calculation to no longer allow a county credit, effective 1-1-22.
- **Trotwood, Montgomery County (36-113-2520)**
 - Trotwood increased the income tax rate from 2.25% to 2.75%
- **Tuscarawas, Tuscarawas County (36-157-5795)**
 - Increased the income tax rate from 1% to 1.5%
- **UDF North Bend JEDD, Hamilton County (36-061-7456)**
 - increased the wage base from \$111,193 to \$120,311.

- **Wauseon EVSD (2607) added school district with a tax rate of 1.75%. This tax is calculated using the Earned Income Method with no personal exemption. The following jurisdictions are affected:**
 - Clinton Township, Fulton County 36-051-0182
 - Dover Township, Fulton County 36-051-0578
 - Wauseon, Fulton County 36-051-2680
 - York Township, Fulton County 36-051-0582
- **Western Ridge JEDD, Hamilton County (36-061-7455) increased the wage base from \$125,323 to \$135,599**
- **Wilmington City School District (1404) eliminated the school district tax of 1%. The following jurisdictions are affected:**
 - Caesars Creek Township, Greene County 36-057-0585
 - Chester Township, Clinton County 36-027-0519
 - Clark Township, Clinton County 36-027-0521
 - Green Township, Clinton County 36-027-0522
 - Jefferson Township, Clinton County 36-027-0523
 - Jefferson Township, Greene County 36-057-0587
 - Liberty Township, Clinton County 36-027-0524
 - Martinsville, Clinton County 36-027-4941
 - Port William, Clinton County 36-027-4945

- Richland Township, Clinton County 36-027-0525
- Union Township, Clinton County 36-027-0526
- Washington Township, Clinton County 36-027-0033
- Wilmington, Clinton County 36-027-2850
- Wilson Township, Clinton County 36-027-0527

Oregon Tax Change

Oregon made the following change to their state unemployment tax:

- Increased the state unemployment wage base from \$47,700 to \$50,900

Oregon Paid Family and Medical Leave changes:

- Added the Paid Family Leave tax with a default tax rate of .6% for employees and a default tax rate of .4% for employers.
- Set the wage base limit to \$132,900. The wage base is set by the Colorado Department of Labor and Employment and will be announced by November 15th each year.
- For additional information, see the [Paid Leave Oregon article](#) in the Insperity Help Center.

Oregon made the following change to the TriMet and LTD transit employer taxes:

- Increased the LTD transit tax rate from .77% to .78%
- Increased the TriMet transit tax rate from .7937% to .8037%

Pennsylvania Tax Changes

Pennsylvania made the following changes to their taxes:

- Made updates to the state unemployment insurance:
 - Increased the maximum employer state unemployment tax rate from 9.9333% to 10.3734%
 - Increased the employee state unemployment tax rate from .06% to .07%
- Made updates to the following municipal and local taxes:
 - **Athens Boro, Bradford County (39-015-0160)**
 - Added a Local Services Tax of \$52
 - **Braddock Boro, Allegheny County (39-003-0400)**
 - Increased the municipal resident tax rate from 1% to 1.05%. The total resident tax rate is 1.55%: 1.05% municipality and .5% school district.
 - **Conneautville Boro, Crawford County (39-039-7864)**
 - Increased the Local Services Tax from \$10 to \$52
 - **Greenfield Township, Erie County (39-049-2132)**
 - Increased the non-resident tax rate from .5% to 1%

- **Greenville Boro, Mercer County (39-085-1540)**
 - Increased the municipal resident tax rate from 1% to 1.25%. The total resident tax rate is 1.75%: 1.25% municipality and .5% school district.
- **Langhorne Boro, Bucks County (39-017-6460):**
 - Added a resident tax rate of 1%
 - Added a non-resident tax rate of 1%
- **Mifflin Township, Dauphin County (39-043-3454)**
 - Increased the Local Services Tax from \$10 to \$52
- **Plymouth Township, Montgomery County (39-091-4295)**
 - Increased the municipal resident tax rate from .55% to .6%. The total resident tax rate is 1.10%: .6% municipality and .5% school district
- **Robesonia Boro, Berks County (39-011-7444)**
 - Increased the Local Services Tax from \$10 to \$52
- **Tullytown Boro, Bucks County (39-017-7568)**
 - Increased the Local Services Tax from \$10 to \$52
- **Upper Saucon Township, Lehigh County (39-077-5523)**
 - Increased the municipal resident tax rate from .5% to .6%. The total resident tax rate is 1.1%: .6% municipality and .5% school district.
- **Upper Tulpehocken Twp, Berks County (39-011-5525)**
 - Added a Local Services Tax of \$52
- **Washington Township, Dauphin County (39-043-5649)**
 - Increased the Local Services Tax from \$10 to \$52
- **Westtown Township, Chester County (39-029-0162)**
 - Increased the municipal resident tax rate from .5% to .54%. The total resident tax rate is 1.04%: .54% municipality and .5% school district.
- **Whitpain Township, Montgomery County (39-091-5911)**
 - Increased the municipal resident tax rate from .5% to .56%. The total resident tax rate is 1.06%: .6% municipality and .5% school district.
- **Wilmington Township, Lawrence County (39-073-5943)**
 - Increased the Local Services Tax from \$10 to \$52.

Rhode Island Tax Changes

Rhode Island made the following changes to their state taxes:

- Increased the Temporary Disability Insurance wage base from \$81,500 to \$84,000
- Made updates to their state unemployment insurance:
 - Increased the SUI Tier 1 wage base from \$24,600 to \$28,200

- Increased the SUI Tier 2 wage base from \$26,100 to \$29,700
- Increased the SUI Job Development Fund Tier 1 wage base from \$24,600 to \$28,200
- Increased the SUI Job Development Fund Tier 2 wage base from \$26,100 to \$29,700
- Decreased the maximum employer SUI tax rate from 9.59% to 9.49%
- Made the following updates to state withholding:
 - Increased the exemption elimination wage amount from \$241,850 to \$260,550
 - Revised the [state withholding tables](#)

South Carolina Tax Changes

South Carolina made the following changes to their state withholding:

- Increased the personal allowance from \$2,750 to \$4,310
- Increased the maximum standard deduction amount from \$4,580 to \$6,475
- Decreased the supplemental withholding tax rate from 7% to 6.5%
- Revised the state [withholding tables](#)

Utah Tax Changes

Utah made the following changes to their state unemployment insurance tax:

- Increased the state unemployment insurance tax wage base from \$41,600 to \$44,800

Vermont Tax Changes

Vermont made the following changes to their state withholding:

- Increased the withholding allowance from \$4,500 to \$4,850
- Revised their [state withholding tables](#)

Vermont made the following update to their state unemployment insurance tax:

- Decreased the SUI taxable wage base from \$15,500 to \$13,500

Vermont made their following update to their VT Health Care premium:

- Increased the health care premium from \$213.47 to \$238.26 per FTE exemption

Washington Tax Changes

Washington made the following changes to their Paid Family and Medical Leave tax:

- Increased the Paid Family and Medical Leave wage base from \$147,000 to \$160,200
- Increased the Paid Family and Medical Leave tax rate from .6% to .8%
 - Employees will pay 72.76% of the Paid Family and Medical Leave premium
 - Employers will pay 27.24% of the Paid Family and Medical Leave premium

Washington made the following changes to their state unemployment insurance tax:

- Increased the state unemployment and associated Employment Administrative Fund tax wage base from \$62,500 to \$67,600

Wyoming Tax Changes

Wyoming made the change to their state unemployment insurance tax:

- Increased the state unemployment and associated Employment Support Fund Factor tax wage base from \$27,700 to \$29,100.