Year 2025 Income Tax Changes and Withholding Information Effective January 1, 2025

Fiscal Services <fiscalservices@pusd.us>
To: Employees <Employees@pusd.us>

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Federal and State Income Tax Withholding

Updated tax changes have been implemented for payrolls **issuing** on and after January 1, 2025. Federal and state income tax withholding brackets have been revised and are included with this notice.

Employee Social Security/OASDI and Medicare

The Social Security/OASDI employee rate for 2025remains unchanged at 6.2 percent, however the maximum subject wages have increased. There is no Medicare wage cap for employees. Employee rates remain unchanged at 1.45 percent; however, the Additional Medicare Tax requires that employers withhold an additional 0.9 percent on wages paid to employees in excess of $200,000 in one calendar year.

Tax Year Comparison	Year 2024	Year 2025
Social Security/OASDI Rate	6.2 percent	6.2 percent
Medicare Rate	1.45 percent	1.45 percent
Social Security Maximum Wage Base	$168,600	$176,100
Medicare Maximum Wage Base	no limit	no limit
Maximum Medicare Contribution (1.45%)	no limit	no limit

Federal Withholding – IRS Form W-4

IRS Form W-4 changed significantly in 2020. The IRS recommends all taxpayers perform a "paycheck checkup" by using their online tool located at https://www.irs.gov/paycheck-checkup. Your employer cannot tell you how to complete Form W-4. Please read the instructions carefully and/or consult a tax professional if necessary. Only new employees and those wishing to make withholding adjustments, or those claiming to be exempt must complete the new *IRS 2025 Form W-4, "Employee's Withholding Certificate"*.

Federal Exempt from Withholding

If you claimed exempt from withholding tax in 2024 and wish to continue in 2025, you must complete a new *IRS 2025 Form W-4* no later than February 15, 2025. The form requires those wishing to claim exempt to write the word "EXEMPT" in "Step 4", in the space directly under box 4(c). If you no longer wish to claim exempt status, you must file a new form W-4 for January tax withholding.

State Withholding – Form DE 4

All employees updating their IRS Form W-4 must now also complete a California State Withholding Form (DE 4).

Some items in this notice are intended to comply with employee notification requirements of the IRS.

2025 Tax Table.pdf
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