## Los Angeles

21600 Oxnard St.

Suite 2000

Woodland Hills, CA 91367

tel (818) 385-0585

9401 Wilshire Blvd.

Suite 555

Beverly Hills, CA 90212

tel (310) 274-9922

# Orange County

2 Park Plaza  
Suite 525

Irvine, CA 92614

tel (949) 535-0885

# San Diego

4225 Executive Square

Suite 900

La Jolla, CA 92037

tel (858) 642-5050

**www.dk.cpa**

# Member

American Institute of

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www.primeglobal.net

**2025 PAYROLL WAGE AND TAX ALERT**

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| **FEDERAL**  ***Social Security*** (Employee & Employer Paid)   * Maximum Taxable Earnings: $176,100 (Up from $168,600 in 2024) * Percent of Taxable Wages: 6.2**%** * Maximum Withholding: $10,918.20   ***Medicare*** (Employee & Employer Paid)   * Maximum Taxable Earnings: No Limit * Percent of Taxable Wages:1.45**%** * Maximum Withholding: No Limit * Maximum Amount: No Limit * Additional Medicare tax 0.9% (on wages in excess of $200,000 in a calendar year per employee)   ***FUTA*** (Employer Paid)   * Maximum Taxable Earnings: $7,000 * Percent of Taxable Wages: 0.6**%** |

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| **CALIFORNIA**   * Minimum Wage: $16.50, effective January 1, 2025, *for employers and ALL employer sizes (Rate varies by county & city – check with your county/city* * Wage for Fast Food Workers: $20 as of April 1, 2024 (60 locations or more)   **Overtime**   * Overtime pay is required for hours worked more than eight in a single day and/or forty hours in a work week.   ***SUI***(Employer Paid)   * Maximum Taxable Earnings: $7,000 * Employer Tax Rate: 1.5**%**-6.2**%** * Employment Training Tax: 0.1**%**   ***SDI***(Employer Paid)   * Maximum Earnings: No Limit * Percent of Taxable Wages: 1.2**%** * Maximum Withholding: No Limit   For the most part, employment payroll taxes must be remitted to the IRS and EDD on either the semi-weekly or monthly basis. In addition, some companies may be required to submit the payments electronically to the IRS. These rules change in each individual case every January 1. For EDD, as of January 1, 2018 all quarterly forms and payments MUST be submitted electronically. Each employer must comply with the depository rules to avoid penalties. Please contact our office if you have any questions or refer to the IRS and EDD Employer’s Tax Guides for further guidance.    HOUSEHOLD EMPLOYERS (Federal and State Requirements)  Federal obligations are reported and paid with annual Federal Form 1040 filing; California requires quarterly filing when household wages reach $750.00 in a calendar quarter. |

**PENSION PROVISIONS**

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|  | **2025** | **2024** |
| **Maximum Defined Contribution Plan Contributions §415(c)** | $70,000 | $69,000 |
| **SEP IRA** | $70,000 | $69,000 |
| **Maximum 401(k), 403(b) & 457 Deferral;** | $23,500 | $23,000 |
| **SIMPLES; §408** | $16,500 | $16,000 |
| **Annual compensation Limit; §401; §404; §408** | $350,000 | $345,000 |
| **Traditional or ROTH IRA** | $7,000 | $7,000 |

**CATCH UP AMOUNTS FOR AGE 50+ INDIVIDUALS**

For individuals who have attained age 50 by the end of the year, the applicable dollar amount under §401(k) plan, §403(b) annuity, salary reduction SEP or §457 plan is increased as follows:

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| --- | --- | --- |
| **Plan Type** | **2025** | **2024** |
| §401(k); §403(b); SARSEP; §457 | $7,500 | $7,500 |
| SIMPLES | $3,500 | $3,500 |
| Traditional or ROTH IRA | $1,000 | $1,000 |

**STANDARD MILEAGE RATES**

Beginning January 1, 2025, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

* 70 cents per mile for business miles driven;
* 21 cents per mile driven for medical or moving purposes; and
* 14 cents per mile driven in service to a charitable organization.

**2008 LAW FOR EMPLOYERS**

Effective January 1, 2008, all employers are required to notify all of their employees of the federal Earned Income Tax Credit (EITC).

Assembly Bill 650, Chapter 606 (Lieu and Jones) requires any employer who is subject to and is required to provide unemployment insurance to employees, to notify all employees that they may be eligible for the EITC.  Employers shall give notification to employees within one week before or after the *Wage and Tax Statement* (Form W-2) or *Miscellaneous Income* (Form 1099) is given.  This new law also requires the employer to process the IRS Form W-5 for advance payments of the EITC if requested by the employee.

You must provide notification to your employees by either handing it directly to your employee or mailing it to your employee’s last known address.  Posting of this information on any employee bulletin board **will not** satisfy the notification requirement.

The notification shall include instructions on how to obtain any notices available from the Internal Revenue Service for this purpose, including, but not limited to, the IRS Notice 797 and Form W-5, or any successor notice or form, **or** any notice created by you, as long as it contains substantially the same language as the notice below.

**NOTICE TO EMPLOYEES**

Based on your annual earnings, you may be eligible to receive the earned income tax credit from the federal government.  The earned income tax credit is a refundable federal income tax credit for low-income working individuals and families.  The earned income tax credit has no effect on certain welfare benefits.  In most cases, earned income tax credit payments will not be used to determine eligibility for Medicaid, supplemental security income, food stamps, low-income housing or most temporary assistance for needy families’ payments.  Even if you do not owe federal taxes, you must file a tax return to receive the earned income tax credit.  Be sure to fill out the earned income tax credit form in the federal income tax return booklet.  For information regarding your eligibility to receive the earned income tax credit, including information on how to obtain the IRS Notice 797 or Form W-5, or any other necessary forms and instructions, contact the Internal Revenue Service at 1-800-829-3676 or through its Web site at [www.irs.gov](http://www.irs.gov).