



## **Thresholds, Updates & Other Changes for 2025 Tax Year:**

**Time Off Balances** – Remember to update your employees’ time-off benefits for tracking and accruals, if applicable (for example: PTO, vacation & sick time).

**Employee Deduction Updates:** For deductions such as Medical, Dental, Life Insurance, 401(k), etc. note that if any of your employees are set up with an “active” catch-up deduction, both the regular 401(k) deduction and the catch-up deduction will automatically come out of the first pay of 2025. If that employee only wants their regular 401(k) deduction, notify your Account Manager.

**Form W-4 Exempt Status:** If you have employees claiming “Exempt” from Federal income tax withholdings, please note that Form W-4 is valid for one calendar year. To continue to be “Exempt” from withholding in 2025, the employee must complete a new Form W-4 by **February 15, 2025**. This form can be found on-line at <http://www.irs.gov/pub/irs-pdf/fw4.pdf>. If the employee does not provide you a new Form W-4, you must withhold tax as if the employee is single with zero withholding allowances. For more information regarding Form W-4 you can visit <http://www.irs.gov/taxtopics/tc753.html>.

**2025 State Unemployment Tax Rates:** Your 2025 State Unemployment Tax Rate notifications are being sent by the State to you and upon receipt, please email it to [tax@gtm.com](mailto:tax@gtm.com) or fax it to GTM’s Tax Department at 518-836-2497. This will ensure proper accounting for your first quarter 2025 unemployment tax reports. Please note that the 2025 New York State taxable wage base per employee for Unemployment Insurance (UI) will increase from \$12,500 to \$12,800.

- **Late tax payments result in interest and penalty charges.** If your federal or state tax filing frequency is changed and you don’t notify us, we will not be responsible for any penalties or interest that may be charged.
- **Missing Tax ID Numbers:** Review your account for missing tax identification numbers. Most tax agencies do not accept tax filings or payments without a registered account number. Run the **“Tax ID & Rate Verification Report”** under **“Client Reports.”** If we do not have this information, you will be billed a \$100 fee per tax agency, and we cannot guarantee a successful tax filing or payment.

**New York State Employers** –The New York State minimum wage will be increased to **\$15.50 per hour** effective 1/1/2025. (**\$16.50** per hour in NYC, Nassau, Suffolk and Westchester counties)

GTM will **NOT** automatically change your employees’ pay rates. You must contact your Account Manager to make changes

Employers in other states can reference minimum wages changes here:

[www.dol.gov/agencies/whd/minimum-wage/state](http://www.dol.gov/agencies/whd/minimum-wage/state)

**NYS Paid Family Leave:** The rate for 2025 is .388% and will have an annual cap of \$354.53. Additionally, the benefit entitlement covers 12 weeks, and the benefit rate is 67% of the employee’s average weekly wage with a maximum benefit of \$1177.32 per week.

**Social Security Wage Base** – The Social Security Administration (SSA) has announced that the 2025 Social Security wage base will be \$176,100. Therefore, the maximum social security tax employers and employees will each pay in 2025 is \$10,918.20 based on a 6.2% Social Security Tax Rate as of this communication. The rate is scheduled to be 6.2% for both employees and employers in 2025.

**Medicare Wage Base** – The Social Security Administration (SSA) has announced as in prior years, there is no limit to the wages subject to the Medicare tax; therefore, all covered wages are still subject to the 1.45% tax. Wages paid in excess of \$200,000 in 2025 will be subject to an extra 0.9% Medicare tax that will only be withheld from employees' wages. Employers will not pay the extra tax.

**Qualified Retirement Plan Limits** – The Internal Revenue Service (IRS) has announced the 2025 dollar limitations for qualified retirement plans. The pre-tax limit that applies to elective deferrals to 401(k) and 403 (b) plans is \$23,500. The dollar limitation is \$7,500 for catch-up contributions for participants aged 50 and over for 401(k), 403 (b) and 457 plans. For those aged 60 – 63, the IRS is also allowing an enhanced catch-up contribution of \$11,250, effective in 2025.

**Employer-Provided Health Coverage Informational Reporting** – The Affordable Care Act requires employers to report the aggregate cost of coverage under an employer-sponsored group health plan. This reporting requirement is for employers who filed 250 or more W-2's in the previous year (2023). Reach out to your dedicated GTM Account Manager if your organization meets the reporting requirement to discuss implementation of the health coverage detail if you have not done so already.

**Affordable Care Act Reporting** – Please be advised that GTM is ready to handle your ACA employer mandate reporting needs. There are penalties for non-compliance with the ACA's requirements. If you have 50-99 full-time employees, penalties will be assessed in 2025 based on 2024 data. For those with 100+ full-time employees, penalties will be assessed in 2025 based on 2024 data. Please contact us no later than **12/6/2024** if you are interested in this service.