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# KLINE KEPPEL AND KORYAK

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A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

December 3, 2025

**RE: 2026 PAYROLL TAXES; EFFECTIVE – JANUARY 1, 2026**

Dear Client:

Once again, the new year brings with it some changes in payroll tax rates and reporting requirements. Listed below are several items to pay particular attention to.

**GOVERNMENT REPORTING REQUIREMENT**

As a reminder, please note, all employers are required to file a report with each state in which a new employee is hired, showing the employee's name, address, social security number, and certain other information. The Federal law, Responsibility and Work Opportunity Reconciliation Act of 1996, or PRWORA, requires that this report be filed with the state within 20 days of the date of hire. Some states may establish more stringent filing frequency requirements. The states will then send the data to the Federal database.

**DEPOSIT RULES**

An employer's schedule is determined upon a twelve month look back period covering four quarters ending on June 30 of the previous year.

**Monthly Deposit Schedule Rule**

An employer is a monthly depositor for a calendar year if the total taxes reported on line 12 of Forms 941 during the period July 1, 2024, through June 30, 2025, were \$50,000 or less. Under the monthly rule, employment and other taxes withheld on payments made during the calendar month must be deposited by the 15<sup>th</sup> day of the following month.

**Semiweekly Deposit Schedule Rule**

Employers are semiweekly depositors if the total taxes reported on line 12 of Forms 941 for the period July 1, 2024, through June 30, 2025 exceeded \$50,000. Under the semiweekly rule, employment and other taxes withheld on payments made on Wednesday, Thursday and/or Friday must be deposited by the following Wednesday. Amounts accumulated on payments made on Saturday, Sunday, Monday and/or Tuesday must be deposited by the following Friday. Listed below is a table summarizing the deposits described above:

Payment Date	Deposit Date
Saturday, Sunday, Monday or Tuesday	Friday
Wednesday, Thursday, or Friday	Following Wednesday

**\$100,000 One-Day Rule**

If the total accumulated tax reaches \$100,000.00 or more on any day during a deposit period, it must be deposited by the next banking day, regardless of if an employer is a monthly or semiweekly depositor.

Keep in mind that you must initiate the transaction no later than one business day before the taxes are due. Thus, if your deposit is due on Wednesday, July 14, you must initiate the payment by 8:00 p.m. on Tuesday, July 13 to make the deposit timely.

If the total tax liability for the current quarter will be less than \$ 2,500, and your liability for the preceding quarter was not less than \$ 2,500, make deposits using the semiweekly or monthly rules to avoid failure-to-deposit penalties.

The schedule for remitting Pennsylvania withholding taxes is dependent on the total amounts withheld. Please see the following:

- Payment due quarterly – total withholding is under \$300 per quarter – last day of April, June, October and January.
- Payment due monthly – total withholding is between \$300 and \$999 per quarter – due on the 15<sup>th</sup> of the following month.
- Payment due semi-monthly – total withholding is between \$1,000 and \$4,999.99 per quarter – within three banking days of close of period.
- Payment due semi-weekly – total withholding is \$5,000 or greater per quarter (\$20,000 per year); due date is dependent upon the pay date. Due on Wednesday following the payday (if falls on Wednesday, Thursday or Friday). Due on Friday if payday is on a Saturday, Sunday, Monday or Tuesday.

Please see the attached schedule for Pennsylvania Employer Withholding Tax due dates.

#### **Breakdown of 2025 Payroll Deductions and Taxes**

Type	Rate	Limit	Notes
401(K) Contributions	Discretionary	\$24,500	Increased by \$1,000
401(K) Catch Up Contributions	Discretionary	\$ 8,000	Increased by \$500 for Employees aged 50 and over
401(K) Catch Up Contributions	Discretionary	\$11,250	Rate remains the same
FICA (Employer)	6.2%	\$184,500	Wage base increased \$8,400 Rate remains the same
FICA (Employee)	6.2%	\$184,500	Wage base increased \$8,400 Rate remains the same
Medicare (Employer)	1.45%	Unlimited	Rate remains the same
Medicare (Employee)	1.45%	Unlimited	Rate remains the same
	.9%	Wages in excess of \$200,000	Rate remains the same
State Withholding Tax	3.07%	Unlimited	Rate remains the same
City of Pittsburgh Local Tax - Resident Tax Rate	3.0%	Unlimited	Rates remain the same
-Nonresident Tax Rate	1.0%		Please be mindful of nonresident rate for Act 32
City of Pittsburgh Employers Payroll Tax	.55%	Unlimited	Applies to wages paid for work done within the city of Pittsburgh. This tax is calculated quarterly and paid by the Employer.
Federal Unemployment Tax	.6%	First \$7,000 of wages	This tax is calculated with quarterly payroll reports.
State Unemployment Tax (Employer)	Varies	First \$10,000 of wages	This tax rate is determined by the state and is calculated with the quarterly reports
State Unemployment Tax (Employee)	.07%	Unlimited	Wage base and rate remain the same

Please note that all employers must have on file a current Form W-4 and I-9 for every employee at all times.

Should you have any questions or if we can be of any further assistance, please contact our firm at (412) 281-1901.

Very truly yours,

KLINE, KEPPEL & KORYAK, P.C.

