



# Alabama - 2023 Quick Wage & Tax Guide



## MINIMUM WAGE

|                            |         |
|----------------------------|---------|
| Minimum Wage               | \$7.25* |
| Minimum Cash Wage (Tipped) | \$2.13  |
| Maximum Tip Credit         | \$5.12  |

\*No state minimum wage laws apply. Youth minimum wage is \$4.25

## STATE INCOME TAX

|                      |                        |
|----------------------|------------------------|
| Withholding Tax Rate | <a href="#">Tables</a> |
|----------------------|------------------------|

## UNEMPLOYMENT INSURANCE

|                        |             |
|------------------------|-------------|
| Maximum Taxable Wages  | \$8,000     |
| Employee Deduction     | None        |
| Employer Tax Rates     | 0.2 - 6.8%* |
| New Employer Tax Rates | 2.7%        |

\*Includes 0.6% Stabilization Tax.

## MORE INFORMATION

Dept. of Revenue: [revenue.alabama.gov](http://revenue.alabama.gov)  
Dept. of Labor: [labor.alabama.gov](http://labor.alabama.gov)

## Federal

### MINIMUM WAGE

|                            |        |
|----------------------------|--------|
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| Maximum Tip Credit         | \$5.12 |

### FICA (SOCIAL SECURITY)

|                            |           |
|----------------------------|-----------|
| Maximum Taxable Wages      | \$160,200 |
| Employee/Employer Tax Rate | 6.2%      |

### FICA (MEDICARE)

|                              |           |
|------------------------------|-----------|
| Maximum Taxable Wages        | \$160,200 |
| Employee/Employer Tax Rate   | 1.45%     |
| Add. Tax on Earnings >\$200K | 2.35%     |

### FUTA (EMPLOYER-PAID)

|                            |         |
|----------------------------|---------|
| Maximum Taxable Wages      | \$7,000 |
| Employee/Employer Tax Rate | 6.0%    |
| Net Tax Rate               | 0.6%    |

### HEALTH SAVINGS ACCOUNTS

|                               |               |
|-------------------------------|---------------|
| Individual Contribution Limit | Up to \$3,850 |
| Family Contribution Limit     | Up to \$7,750 |

### FLEXIBLE SPENDING ACCOUNTS

|                               |                 |
|-------------------------------|-----------------|
| Individual Contribution Limit | Up to \$3,050   |
| Family Contribution Limit     | \$3,050 per FSA |

### RATES & LIMITS

|                                   |          |
|-----------------------------------|----------|
| 401(k), 403(b), 457 & Roth 401(k) | \$22,500 |
| Simple Plan IRA                   | \$15,500 |

### ADDITIONAL CATCH-UP\*

|                                   |         |
|-----------------------------------|---------|
| 401(k), 403(b), 457 & Roth 401(k) | \$7,500 |
| Simple Plan IRA                   | \$3,500 |

\*Additional catch-up provision for an employee that reaches the age of 50 by the end of the tax year. To qualify, the catch-up contribution must be an established provision of the company's plan. For more information on your specific pension plan rules, please see your plan administrator.

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