

## Memorandum

To: All Employees  
From: Payroll – [payrollinquiry@smmusd.org](mailto:payrollinquiry@smmusd.org)  
Subject: 2025 Income Tax Changes & Withholding Information, Effective January 1, 2025  
Date: January 24, 2024

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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 2025 remains unchanged at 6.2%, however the maximum subject wages have increased. There is no Medicare wage cap for employees. Employee rates remain unchanged at 1.45% 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 a calendar year.

Tax Year Comparison	Year 2024	Year 2025
Social Security/OASDI Rate	6.20%	6.20%
Medicare Rate	1.45%	1.45%
Social Security Maximum Wage Base	\$ 168,600.00	\$ 176,100.00
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>. Please read the instructions carefully and/or consult a tax professional.

### 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 2024 Form W-4 no later than February 14, 2025.*** The form requires those wishing to claim exempt to write the word “EXEMPT” in “Step 4”, in the space directly under the 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).

The 2025 Federal and State Tax forms are located on the SMMUSD Staff Portal as follows:

[SMMUSD Payroll & Taxes](#)

If there are any questions, please check with your tax professional or email your payroll team.