

TO: All Human Resource Directors for
Agencies Serviced by the
Bureau of Commonwealth Payroll Operations (BCPO)

FROM: Stephen R. Burns
Director
Bureau of Commonwealth Payroll Operations

DATE: January 9, 2025

RE: BCPO Payroll Memo #25-01
Federal Withholding Tax (FWT) – 2025
State and Unemployment Tax – 2025

Effective with pay dates on or after February 7, 2025, changes to the FWT tables will take place as follows:

1. The Annual FWT Percentage Method Tables have changed for 2025. Copies of the 2025 annual and bi-weekly tables are attached for your reference.
2. The Annual FWT Allowance remains at \$4,300.00 per allowance, or \$165.38 biweekly. **NOTE:** The annual and biweekly FWT allowance ONLY applies to W4 forms completed prior to 1/1/2020.
3. The flat rate FWT percent will remain at 22 percent.

The withholding for Pennsylvania State Tax remains at 3.07 percent for 2025. The Department of Labor and Industry confirmed that the employee Unemployment Tax will remain at .07 percent for 2025.

This memo and attachments can also be viewed on the [Payroll News & Memos](#) page on the Office of the Budget website. The [FWT schedules](#) are available on the IRS website and Attachment #2 in this memo.

The February 2025 Employee Pay Statement will also reflect these rate changes. Please ensure that all staff responsible for tax inquiries is aware of these changes. If you have any questions, please contact any Payroll staff member.

Attachments

cc: Jason Saville, Deputy Secretary for Human Resources, Office of the Budget
Michele Wiest, IES Business Operations Payroll/Travel Manager
Bureau Directors (5)

1. Percentage Method Tables for Automated Payroll Systems and Withholding on Periodic Payments of Pensions and Annuities

If you're an employer with an automated payroll system, use Worksheet 1A and the Percentage Method tables in this section to figure federal income tax withholding. This

method works for Forms W-4 for all prior, current, and future years. This method also works for any amount of wages. If the Form W-4 is from 2019 or earlier, this method works for any number of withholding allowances claimed.

If you're a payer making periodic payments of pensions and annuities, use Worksheet 1B and the Percentage Method tables in this section to figure federal income tax withholding. This method works for Forms W-4P for all prior, current, and future years. If a payer is figuring withholding on periodic payments based on a 2021 or earlier Form W-4P, the payer may also figure withholding using the methods described in [section 3](#) and [section 5](#).

Worksheet 1A. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems

Keep for Your Records 

Table 3	Semiannually	Quarterly	Monthly	Semimonthly	Biweekly	Weekly	Daily
	2	4	12	24	26	52	260

Step 1. Adjust the employee's payment amount

- 1a Enter the employee's total taxable wages this payroll period 1a \$ _____
- 1b Enter the number of pay periods you have per year (see Table 3) 1b _____
- 1c Multiply the amount on line 1a by the number on line 1b 1c \$ _____

If the employee **HAS** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

- 1d Enter the amount from Step 4(a) of the employee's Form W-4 1d \$ _____
- 1e Add lines 1c and 1d 1e \$ _____
- 1f Enter the amount from Step 4(b) of the employee's Form W-4 1f \$ _____
- 1g If the box in Step 2 of Form W-4 is checked, enter -0-. If the box is not checked, enter \$12,900 if the taxpayer is married filing jointly or \$8,600 otherwise 1g \$ _____
- 1h Add lines 1f and 1g 1h \$ _____
- 1i Subtract line 1h from line 1e. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** 1i \$ _____

If the employee **HAS NOT** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

- 1j Enter the number of allowances claimed on the employee's most recent Form W-4 1j _____
- 1k Multiply line 1j by \$4,300 1k \$ _____
- 1l Subtract line 1k from line 1c. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** 1l \$ _____

Step 2. Figure the Tentative Withholding Amount

based on the employee's Adjusted Annual Wage Amount; filing status (Step 1(c) of the 2020 or later Form W-4) or marital status (line 3 of Form W-4 from 2019 or earlier); and whether the box in Step 2 of 2020 or later Form W-4 is checked.

Note. Don't use the Head of Household table if the Form W-4 is from 2019 or earlier.

- 2a Enter the employee's **Adjusted Annual Wage Amount** from line 1i or 1l above 2a \$ _____
- 2b Find the row in the appropriate **Annual** Percentage Method table in which the amount on line 2a is at least the amount in column A but less than the amount in column B, then enter here the amount from column A of that row 2b \$ _____
- 2c Enter the amount from column C of that row 2c \$ _____
- 2d Enter the percentage from column D of that row 2d _____ %
- 2e Subtract line 2b from line 2a 2e \$ _____
- 2f Multiply the amount on line 2e by the percentage on line 2d 2f \$ _____
- 2g Add lines 2c and 2f 2g \$ _____
- 2h Divide the amount on line 2g by the number of pay periods on line 1b. This is the **Tentative Withholding Amount** 2h \$ _____

Step 3. Account for tax credits

- 3a If the employee's Form W-4 is from 2020 or later, enter the amount from Step 3 of that form; otherwise, enter -0- 3a \$ _____
- 3b Divide the amount on line 3a by the number of pay periods on line 1b 3b \$ _____
- 3c Subtract line 3b from line 2h. If zero or less, enter -0- 3c \$ _____

Step 4. Figure the final amount to withhold

- 4a Enter the additional amount to withhold from the employee's Form W-4 (Step 4(c) of the 2020 or later form, or line 6 on earlier forms) 4a \$ _____
- 4b Add lines 3c and 4a. **This is the amount to withhold from the employee's wages this pay period** 4b \$ _____

2025 Percentage Method Tables for Automated Payroll Systems and Withholding on Periodic Payments of Pensions and Annuities

STANDARD Withholding Rate Schedules (Use these if the Form W-4 is from 2019 or earlier, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is NOT checked. Also use these for Form W-4P from any year.)					Form W-4, Step 2, Checkbox, Withholding Rate Schedules (Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 IS checked)				
If the Adjusted Annual Wage Amount on Worksheet 1A or the Adjusted Annual Payment Amount on Worksheet 1B is:					If the Adjusted Annual Wage Amount on Worksheet 1A is:				
At least—	But less than—	The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Annual Wage or Payment exceeds—	At least—	But less than—	The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Annual Wage exceeds—
A	B	C	D	E	A	B	C	D	E
Married Filing Jointly					Married Filing Jointly				
\$0	\$17,100	\$0.00	0%	\$0	\$0	\$15,000	\$0.00	0%	\$0
\$17,100	\$40,950	\$0.00	10%	\$17,100	\$15,000	\$26,925	\$0.00	10%	\$15,000
\$40,950	\$114,050	\$2,385.00	12%	\$40,950	\$26,925	\$63,475	\$1,192.50	12%	\$26,925
\$114,050	\$223,800	\$11,157.00	22%	\$114,050	\$63,475	\$118,350	\$5,578.50	22%	\$63,475
\$223,800	\$411,700	\$35,302.00	24%	\$223,800	\$118,350	\$212,300	\$17,651.00	24%	\$118,350
\$411,700	\$518,150	\$80,398.00	32%	\$411,700	\$212,300	\$265,525	\$40,199.00	32%	\$212,300
\$518,150	\$768,700	\$114,462.00	35%	\$518,150	\$265,525	\$390,800	\$57,231.00	35%	\$265,525
\$768,700		\$202,154.50	37%	\$768,700	\$390,800		\$101,077.25	37%	\$390,800
Single or Married Filing Separately					Single or Married Filing Separately				
\$0	\$6,400	\$0.00	0%	\$0	\$0	\$7,500	\$0.00	0%	\$0
\$6,400	\$18,325	\$0.00	10%	\$6,400	\$7,500	\$13,463	\$0.00	10%	\$7,500
\$18,325	\$54,875	\$1,192.50	12%	\$18,325	\$13,463	\$31,738	\$596.25	12%	\$13,463
\$54,875	\$109,750	\$5,578.50	22%	\$54,875	\$31,738	\$59,175	\$2,789.25	22%	\$31,738
\$109,750	\$203,700	\$17,651.00	24%	\$109,750	\$59,175	\$106,150	\$8,825.50	24%	\$59,175
\$203,700	\$256,925	\$40,199.00	32%	\$203,700	\$106,150	\$132,763	\$20,099.50	32%	\$106,150
\$256,925	\$632,750	\$57,231.00	35%	\$256,925	\$132,763	\$320,675	\$28,615.50	35%	\$132,763
\$632,750		\$188,769.75	37%	\$632,750	\$320,675		\$94,384.88	37%	\$320,675
Head of Household					Head of Household				
\$0	\$13,900	\$0.00	0%	\$0	\$0	\$11,250	\$0.00	0%	\$0
\$13,900	\$30,900	\$0.00	10%	\$13,900	\$11,250	\$19,750	\$0.00	10%	\$11,250
\$30,900	\$78,750	\$1,700.00	12%	\$30,900	\$19,750	\$43,675	\$850.00	12%	\$19,750
\$78,750	\$117,250	\$7,442.00	22%	\$78,750	\$43,675	\$62,925	\$3,721.00	22%	\$43,675
\$117,250	\$211,200	\$15,912.00	24%	\$117,250	\$62,925	\$109,900	\$7,956.00	24%	\$62,925
\$211,200	\$264,400	\$38,460.00	32%	\$211,200	\$109,900	\$136,500	\$19,230.00	32%	\$109,900
\$264,400	\$640,250	\$55,484.00	35%	\$264,400	\$136,500	\$324,425	\$27,742.00	35%	\$136,500
\$640,250		\$187,031.50	37%	\$640,250	\$324,425		\$93,515.75	37%	\$324,425