

# Alabama Wage and Tax Facts 2025

## MINIMUM WAGE

Minimum Wage:	\$	7.25
Minimum Cash Wage:	\$	2.13
(Tipped Employee)		
Maximum Tip Credit:	\$	5.12
Effective: 7/24/09		

## STATE INCOME TAX

Wage Withholding:	Tables
Supplemental Wage/Bonus Rate:	5.00%

## UNEMPLOYMENT INSURANCE

Maximum Taxable Earnings:	\$	8,000
Employee Deduction:	None	
Employer Tax Rates:	0.2 - 5.4%	
Standard New Employer Rate:	2.70%	
Voluntary Contribution Permitted:	No	

## DISABILITY INSURANCE

Employee Deduction:	None
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## LOCAL INCOME TAXES

Please contact your payroll specialist for details.

## RECIPROCITY RULES

None

## WORKERS' COMPENSATION

Please contact your insurance provider for details

## STAFFING SERVICES SUBJECT TO SALES TAX

Currently no legislation

## AGENCY WEBSITES

Dept of Revenue: <http://revenue.alabama.gov>  
 Dept of Labor: <http://labor.alabama.gov>  
 New Hire Reporting: <https://labor.alabama.gov/nh>