



Sage 300 Construction and Real Estate

Payroll Tax Release Notes 2025

United States

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Contents

Contents	iii
Payroll Tax United States	4
Downloading and installing updated taxes	4
Updating taxes	5
New installations	5
Tax updates	6
Verification	7
Payroll Tax Update 25.03	8
State tax changes	8
Payroll Tax Update 25.02	8
State tax changes	8
Payroll Tax Update 25.01	10
Federal tax changes	10
State tax changes	10

Payroll Tax United States

This document describes changes to payroll taxes in the United States. Please read this document carefully before you use the software.

Note: The changes in the 2025 tax updates are compatible with Sage 300 Construction and Real Estate version 24.3 or later. If you are on an earlier version when you install the 2025 tax update, confirm the taxes calculate correctly.

Important! The Sage tax updates do not include changes to the Employer State Unemployment Insurance rates and limits (SUI_E) because those vary by company. See Knowledgebase article [Where do I change my State Unemployment Insurance rate?](#) for information about specifying those rates.

Important! The sample check forms that come with Sage 300 Construction and Real Estate may not be fully compliant with all federal, state, and local laws and other requirements, which can differ from one jurisdiction to another. It is your responsibility to familiarize yourself with all applicable laws and requirements, and to modify your check forms as needed to ensure compliance.

Downloading and installing updated taxes

You can download the tax update from within Payroll.

Caution! Do not install the first tax update of a new payroll year until all payroll checks for the previous year have been processed.

1. If you use security, log onto your system as a user with permissions to the Download Taxes task (PR: Tools > Download Taxes).
2. Start the Payroll application.

3. Select **Tools > Download Taxes** to download the latest version of the tax files.

Note: If you are using a firewall, you must allow access to [http://-downloads.timberline.com/route.asp](http://downloads.timberline.com/route.asp) to enable Payroll to download the tax update.

4. Verify your **Client Number**.
5. Select the **Update tax file when download is complete** check box if you want to update the taxes automatically after the files are downloaded. If you do not select this check box, you must update the taxes, as described in [Updating taxes](#).

Note: For information about what happens when you download taxes and select the check box to update tax files, see Knowledgebase article: [What happens when I download taxes and I select the option to update tax files?](#)

For information about what happens when you download taxes without selecting this check box, see Knowledgebase article: [What happens when I download taxes without selecting the option to update tax files?](#).

6. View the printed journal for any error messages.
7. If you have multiple tax files, open the data folder and repeat these steps for each company.

Updating taxes

If you chose not to install taxes when you downloaded the tax update, you will need to perform additional steps.

New installations

If you did not select the **Update tax file when download is complete** check box when you downloaded the taxes, the system displays the following error message when you select **Tools > Update Taxes**:

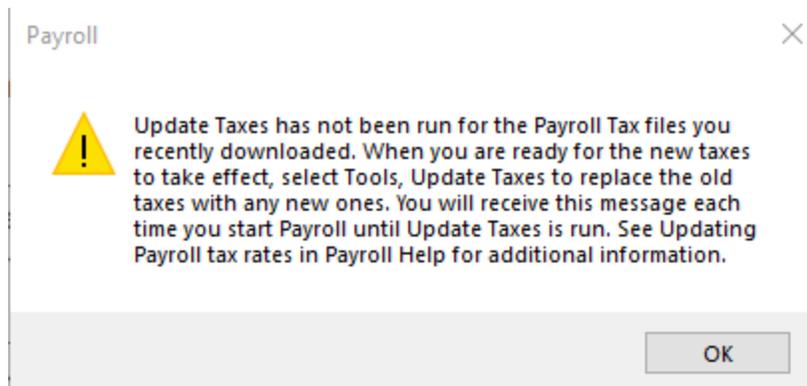
“The PR Tax file was not found. The file will be created.”

Click **[OK]** to continue.

Tax updates

If you downloaded the taxes but you did not select the **Update tax file when download is complete** check box, taxes will not be updated until you run the Update Taxes tool:

1. Start the Payroll application. If the **Update tax file when download is complete** check box was not selected, you will receive a message that Update Taxes has not been run for the payroll tax files you recently downloaded. You will receive this message each time you start Payroll until Update Taxes is run.



2. When you are ready to begin using the latest tax rates, select **Tools > Update Taxes**.
3. In the **Update Taxes - Print Selection** window, make any necessary print selections, and then click **[Start]**.

Note: The program automatically creates a backup file containing the existing Payroll tax file (**Tax.prx**) and the Payroll formula file (**Pr.frm**) in the **backup_tax** subdirectory of the folder containing the **Tax.prx** file that is being updated.

4. If you have multiple tax files, open the data folder and repeat steps 2 and 3 for each company. See the "To Update Payroll tax rates" topic in Payroll Help for details.

Verification

To verify that the latest tax rates were installed or updated:

1. Select **Setup > Taxes > Tax Rates**.
2. In the **Tax Rate Setup** window for **Tax ID**, type the tax ID of one of the taxes listed in this document under **Federal Tax Changes** or **State Tax Changes**, and then press TAB.

The screenshot shows the 'Tax Rate Setup' window with the following fields and options:

- Tax ID:** SOC (highlighted with a red box)
- Desc:** FICA - Social Security
- Tax level:** Federal (selected), State, Local
- Tax type:** Withholding, FICA / SDI (selected), Unemployment
- Table type:** No table (selected), Tax table, Workers' comp table
- Employer tax:**
- Company rates:**
- Printed desc:** SOC
- Liability account:** (empty)
- Percent:** (empty)
- Limit:** (empty)
- Formula:** (empty)
- Effective:** 01/01/2025 (highlighted with a red box)

Buttons at the bottom: Save, Cancel, List..., Attachments..., Delete, Table..., Help.

3. Check the date displayed for **Effective** in the lower-right area of the window.
 - If this date matches the effective date listed for that tax rate in the next section of this document (and the effective date was not manually changed in the setup), the taxes updated correctly.
 - If the effective dates do not match, review the installation instructions in the previous section of this document and repeat any necessary steps.

Payroll Tax Update 25.03

Update 25.03 includes state tax changes.

State tax changes

Important! The Sage tax updates do not include changes to the Employer State Unemployment Insurance rates and limits (SUI_E) because those vary by company. See Knowledgebase article [Where do I change my State do I change my State Unemployment Insurance rate?](#) for information about specifying those rates.

- Idaho State Withholding (IDSWH)
Effective date: June 1, 2025
The tax tables have changed for all filing statuses.
The child tax credit allowance has increased to \$3,868.
- Maryland State Withholding (MDSWH)
Effective date: January 1, 2025
The standard deduction amount has changed.
County rates have changed for Anne Arundel, Calvert, and St. Mary's.
- Utah State Withholding (UTSWH)
Effective date: June 1, 2025
Tax rate changed for all filing statuses.
The standard deduction increased for all filing statuses.
The base allowance increased for all filing statuses.

Payroll Tax Update 25.02

Update 25.02 includes state tax changes.

State tax changes

- Arkansas State Withholding (ARSWH)
Effective date: January 1, 2025
The standard deduction amount has increased from \$2,340 to \$2,410.
The tax tables have changed for all filing statuses.

- Illinois State Withholding (ILSWH)
Effective date: January 1, 2025
Personal exemption allowance has increased to \$2,850.
- Indiana State Withholding (INSWH)
Effective date: January 1, 2025
The state withholding rate decreased from 3.05% to 3.00%.
- Louisiana State Withholding (LASWH)
Effective date: January 1, 2025
Tax table added for all filing statuses.
Tax rate changed for all filing statuses.
The standard deduction changed for all filing statuses.
See Knowledgebase article [What are the recent government form and tax changes for Louisiana?](#) for more information.
- Massachusetts State Withholding (MASWH)
Effective date: January 1, 2025
Surtax threshold has increased from \$1,053,750 to \$1,083,150 for all filing statuses.
- Mississippi State Withholding (MSSWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
- Montana State Withholding (MTSWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
- North Carolina State Withholding (NCSWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
- North Dakota State Withholding (NDSWH)
Effective date: January 1, 2025
The exemption allowance has increased from \$4,300 to \$5,050.
The tax tables have changed for all filing statuses.

- Oregon State Withholding (ORSWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
- Rhode Island State Disability Insurance (RISDI)
Effective date: January 1, 2025
The taxable wage limit has increased to \$89,200.
The tax rate has increased to 1.30%.
- Vermont State Withholding (VTSWH)
Effective date: January 1, 2025
The withholding allowance has increased from \$5,100 to \$5,300.
The tax tables have changed for all filing statuses.

Payroll Tax Update 25.01

Update 25.01 includes federal and state tax changes.

Federal tax changes

- Federal Withholding (FWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
- Social Security (SOC and SOC_E)
Effective date: January 1, 2025
The maximum taxable earnings have increased to \$176,100.
The tax rate remains at 6.2%.

State tax changes

- Alaska State Unemployment Insurance (AKSUI)
Effective date: January 1, 2025
The taxable limit has increased to \$51,700.
- California State Disability Insurance (CASDI)
Effective date: January 1, 2025
The withholding rate has increased to 1.2%.

- California State Withholding (CASWH)
Effective date: January 1, 2025
The tax tables changed for all filing statuses.
The exemption allowance formula changed for all filing statuses.
The credit allowance has increased.
- Colorado Paid Family Leave (COPFL and COPFL_E)
Effective date: January 1, 2025
The taxable wage limit has increased to \$176,100.
- Connecticut Paid Family Leave (CTPFL)
Effective date: January 1, 2025
The taxable wage limit has increased to \$176,100.
- Delaware Paid Family Leave (DEPFL and DEPFL_E)
Effective date: January 1, 2025
The taxable wage limit is \$176,100.
The employee contribution rate for DEPFL is .4%.
The employer contribution rate for DEPFL_E is .4%.
- Hawaii State Withholding (HISWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
The exemption allowance remains at \$1,144.
Additional withholding allowance is \$1,650.
- Hawaii Temporary Disability Insurance for Employee and Employer (HITDI & HITDI_E)
Effective date: January 1, 2025
The maximum weekly deduction has increased to \$7.21 per week.
- Iowa State Withholding (IASWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
The exemption allowance amount has changed for all filing statuses.
- Kentucky State Withholding (KYSWH)
Effective date: January 1, 2025
The standard deduction amount has increased to \$3,270.
- Maine Paid Family Leave (MEPFL and MEPFL_E)
Effective date: January 1, 2025
The taxable wage limit is set to \$176,100.

The employee contribution rate for MEPFL is .5%.
The employer contribution rate for MEPFL_E is .5%.

- **Maine State Withholding (MESWH)**
Effective date: January 1, 2025
The personal exemption allowance has increased to \$5,150.
The standard deduction has changed for all filing statuses.
The tax tables have changed for all filing statuses.
- **Massachusetts Paid Family Leave (MAPFL and MAPFL_E)**
Effective date: January 1, 2025
The taxable wage limit has increased to \$176,100.
The employee contribution rate for MAPFL remains at .46%.
The employer contribution rate for MAPFL_E remains at .42%.
Employers with fewer than 25 covered individuals are not required to pay the employer's contribution and should not add MAPFL_E to the MA tax group.
- **Michigan State Withholding (MISWH)**
Effective date: January 1, 2025
The personal exemption amount has increased to \$5,800.
The withholding tax rate remains at 4.25%.
- **Minnesota State Withholding (MNSWH)**
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
The exemption allowance has increased to \$5,200.
- **Missouri State Withholding (MOSWH)**
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
The standard deduction has changed for all filing statuses.
- **Nebraska State Withholding (NESWH)**
Effective date: January 1, 2025
The personal exemption amount has increased to \$2,360.
The tax tables have changed for all filing statuses.
- **New Jersey Family Leave Insurance (NJFLI)**
Effective date: January 1, 2025

The taxable wage limit has increased to \$165,400.

The tax rate has increased to .33%.

- New Jersey State Disability Insurance (NJSDI)
Effective date: January 1, 2025
The taxable wage limit has increased to \$165,400.
The tax rate has increased to .23%.
- New Jersey State Unemployment Insurance (NJSUI)
Effective date: January 1, 2025
The taxable wage limit has increased to \$43,300.
The tax rate remains unchanged at .425%.
- New Mexico State Withholding (NMSWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
- New York Paid Family Leave (NYPFL)
Effective date: January 1, 2025
The taxable wage limit has increased to \$91,373.88.
The employee contribution rate has increased to .388%.
- Oregon Paid Family Leave (ORPFL and ORPFL_E)
Effective date: January 1, 2025
The taxable wage limit for ORPFL has increased to \$176,100.
The employee contribution rate for ORPFL remains at .6%.
The employer contribution rate for ORPFL_E remains at .4%.
- Pennsylvania State Unemployment Insurance (PASUI)
Effective date: January 1, 2025
Employee contributions tax rate changed to .07%.
- Rhode Island State Withholding (RISWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
The annual limit on exemption allowance has increased to \$283,250.

- South Carolina State Withholding (SCSWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.
The standard deduction amount has increased to \$7,300.
The exemption allowance amount has increased to \$4,860.
- Vermont Child Care Contribution (VTCCC and VTCCC_E)
Effective date: January 1, 2025
The employee contribution rate remains at .11%.
The employer contribution rate remains at .33%.
New formula VTCCC_E created.
- Washington Paid Family Leave (WAPFL and WAPFL_E)
Effective date: January 1, 2025
The taxable wage limit has increased to \$176,100.
The employee contribution rate for WAPFL has increased to .65798%.
The employer contribution rate for WAPFL_E has increased to .26202%.
- West Virginia State Withholding (WVSWH)
Effective date: January 1, 2025
The tax tables have changed for all filing statuses.