



STATE OF HAWAI'I
KA MOKU 'ĀINA O HAWAI'I

DEPARTMENT OF TAXATION
KA 'OIHANA 'AUHAU

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

GARY S. SUGANUMA
DIRECTOR
KA LUNA HO'OKELE

News Release 2024-09

HAWAI'I TAXPAYERS TO SEE MORE TAKE-HOME PAY RESULTING FROM HISTORIC TAX CUTS

*The Department of Taxation Requires Employers Decrease Withholding Amounts
Beginning January 1, 2025, to Match Historic Tax Cut Enacted in 2024*

FOR IMMEDIATE RELEASE

December 19, 2024

HONOLULU - In 2024, Governor Josh Green, M.D., and the Hawai'i Legislature enacted Act 46, Session Laws of Hawai'i 2024, the largest income tax cut in the state's history. Act 46 makes incremental adjustments to the standard deduction amount and income tax brackets beginning in tax year 2024 through tax year 2031.

To implement this historic tax cut, the Department of Taxation (“department”) updated its withholding tables to reflect the upcoming changes. Starting in January 2025, employees across the state should notice less tax is being withheld from their paychecks, resulting in an immediate increase in take-home pay. This adjustment is the first of several annual updates to the withholding tables that will occur every January through 2031.

Key Highlights of the Law:

- **Effective Date:** The changes apply beginning with tax year 2024.
- **Gradual Adjustments:** The amount of the standard deduction will increase for tax years 2024, 2026, 2028, 2030, and 2031. The income tax brackets will be modified for tax years 2025, 2027, and 2029. Taxpayers will retain more of their earnings over time as the tax cut law ramps up.
- **Annual Withholding Table Adjustments:** From January 2025 through 2031, the department will make annual adjustments to the withholding tables. Taxpayers should anticipate seeing incremental increases in their net take-home pay every year.

Frequently Asked Questions

Do I need to do anything to get the tax cut?

W-2 employees will not need to take any action to benefit from the tax cut, as the department has amended the withholding tables. As a result, employers are expected to withhold less taxes from employee paychecks.

Does the withholding adjustment match the tax cut that I will receive?

Not necessarily. The size of the tax cut depends on the particulars of the taxpayer. The withholding adjustment remits a large portion of the tax cut benefit. This ensures that taxpayers do not have to wait for the benefit until the following year when they file. Many taxpayers will also receive a larger tax refund as a result of the law. Taxpayers may elect to adjust their withholding allowances if they would like to reduce the amount withheld from their paychecks.

When should I expect to see an increase in my paycheck?

The department issued guidance to employers to adjust employee withholdings beginning January 1, 2025. Reductions in withholding amounts should occur in late January and early February 2025. Wage earners who do not see an increase in their net take-home pay should contact their employer.

How much will my paycheck change?

The adjustment to the amount withheld on a paycheck depends on the level of income. Below are some examples of the change at different income levels between tax years 2024 and 2025.

<u>Annual Wage</u>	<u>Change in Amount Withheld Bimonthly</u>	<u>Change in Amount Withheld Annually</u>
\$25,000	(\$24.57)	(\$589.68)
\$50,000	(\$32.99)	(\$791.78)
\$75,000	(\$36.44)	(\$874.56)
\$100,000	(\$39.56)	(\$949.44)

The department is also advising employers to review its updated Booklet A – Employer's Tax Guide for 2025, containing revised formulas and income tax withholding tables, to aid employers in determining more precise employee withholding amounts to coincide with the tax reductions afforded by Act 46.

The updated Booklet A is available for viewing and printing from the department's website at <https://tax.hawaii.gov/forms/>. To request that a copy be emailed or mailed, or for any questions or concerns, please contact the department's technical section at 808-587-1530 or by email at tax.technical.section@hawaii.gov. Copies may also be obtained in person at:

Department of Taxation
Taxpayer Services – 1st Floor
830 Punchbowl Street
Honolulu, Hawai'i

###

Media Contact:

Gary H. Yamashiroya
Special Assistant to the Director
Hawai'i Department of Taxation
Phone: 808-587-1540
Email: tax.pio@hawaii.gov
Website: <https://tax.hawaii.gov>