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Office of State Uniform Payroll

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OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2026-38

TO: LaGov HCM Paid Agency Human Resources  
and Employee Administration Staff

FROM: Andrea P. Hubbard  
Director

SUBJECT: Tax Rates for Calendar Year 2026

Effective Jan. 1, 2026, the new Federal and Louisiana Tables for income tax withholdings will be used in calculating tax deductions. **Note:** Withholding allowances are no longer used in the calculation of individual federal tax liability. Instead, the filing status and dollar amounts provided by the employee on [Form W-4](#) and [Form L-4](#) are used to calculate a more accurate withholding throughout the year.

The 2026 Form W-4 has notable revisions following the passage of the One Big Beautiful Bill Act (OBBBA) that was signed into law July 4, 2025. Some of the revisions include:

- **Expanded Deductions (Step 4b):** The Deductions Worksheet has been expanded to include various new tax deductions. A primary addition is the deduction for qualified overtime compensation. Employees are strongly encouraged to thoroughly review the instructions provided for all new tax deductions to ensure they meet the specific eligibility requirements and income thresholds before entering an amount.
- **New “Exempt” Checkbox:** Employees claiming exemption from withholding will no longer write “Exempt” on the form. There is now a dedicated checkbox located between Step 4 and Step 5. Please remember that an exempt status must be claimed each year by February 15.

The Social Security wage base for 2026 has increased to **\$184,500**. The employee and employer Social Security tax rates remain at 6.2%. The maximum Social Security tax withheld from the employee and matched by the employer has increased to \$11,439.

The Medicare tax rate remains at 1.45% for employee and employer for 2026. There is no wage base limit for Medicare tax. However, an additional Medicare tax of 0.9% will be withheld from any employee's Medicare wages in excess of \$200,000. The additional Medicare tax will be withheld beginning with the pay period in which wages exceed \$200,000 and will continue for the remainder of the calendar year. This additional Medicare tax is only imposed on the employee. There is no employer share of additional Medicare tax.

[Publication 15, Circular E, Employer's Tax Guide](#), revised for 2026, has been released. The withholding tables are no longer included in IRS Publication 15. The tables and employer instructions on how to calculate employee withholding are now included in IRS Publication 15-T, Federal Income Tax Withholding Methods. The withholding tables in IRS [Publication 15-T](#) allow employers to calculate withholding based on the Form W-4 from 2020 or later and Forms W-4 submitted prior to 2020. The most recent releases of both publications can be accessed through the IRS website at [irs.gov/pub/irs-pdf/p15.pdf](https://irs.gov/pub/irs-pdf/p15.pdf) and [irs.gov/pub/irs-pdf/p15t.pdf](https://irs.gov/pub/irs-pdf/p15t.pdf). **Agencies should review these publications for information required by employers.**

Employees may notice a difference in their net pay starting in pay period 3/2026 due to these tax updates. If a retroactive action is processed back to period 1/2026, the system will recalculate and adjust the taxes for those periods. A message has been added to the Feb. 6, 2026 checks and payroll statements advising employees of this. A message has also been added on the LEO welcome page.

Direct questions to a member of the [OSUP Wage and Tax Administration Unit](#). Contact information is available on the [staff directory page](#).