



Alabama Wage and Tax Facts 2026

MINIMUM WAGE

Minimum Wage:	\$ 7.25
Minimum Cash Wage:	\$ 2.13
(Tipped Employee)	
Maximum Tip Credit:	\$ 5.12

Effective: 7/24/09

LOCAL INCOME TAXES

Please contact your payroll specialist for details.

STATE INCOME TAX

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

RECIPROCITY RULES

None

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

WORKERS' COMPENSATION

Please contact your insurance provider for details

STAFFING SERVICES SUBJECT TO SALES TAX

Currently no legislation

DISABILITY INSURANCE

Employee Deduction:	None
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AGENCY WEBSITES

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