

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		

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>