

2025 California Payroll & HR Cheat Sheet

At ProService Hawaii, we're here to help you untangle the complexities of being an employer in Hawaii with employees in California - including navigating all the laws!

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1 2025 Rates, Limits & Caps

Tax Updates

- **Social Security** - Employers and employees pay **6.2%** of wages up to the taxable maximum of **\$176,100** (2025) with a maximum withholding of **\$10,918.20**
- **SUTA** - The wage cap for state unemployment taxes is **\$7,000** for 2025

Mileage Updates

- 70 cents/mile driven for business use.
- 21 cents/mile driven for medical purposes.
- 14 cents/mile driven in service of charity orgs.

Deferred Compensation Limits

- 401(k) plans - **\$23,500; \$7,500*; \$11,250****
- 403(b) plans - **\$23,500; \$7,500*, \$11,250****
- 457 plans - **\$23,500; \$7,500*, \$11,250****
- Simple IRA/401(k) - **\$16,500; \$3,500*; \$5,250****
- IRA (after tax deduction) - **\$7,000; \$1,000***
- Healthcare FSA - **\$3,300**
 - FSA carryover: **\$660**
- Parking/Transit Account - **\$325**
- Dependent Care Account - **\$5,000**
- HSA - Simple Coverage - **\$4,300, \$1,000*****
- HSA - Family Coverage - **\$8,550, \$1,000*****

- *Additional catch-up contributions for people ≥50 years old
- **Super catch-up contribution for people between ages 60-63
- ***Additional catch-up contributions for people ≥55 years old

NOTE: This guide is not an all-inclusive list of all state and local laws. It is provided for informational purposes only. It is not for the purpose of establishing an attorney-client relationship or providing legal or tax advice, and should not be relied upon as legal or tax advice. As employment law is a dynamic and ever evolving field, you should contact an attorney to obtain advice with respect to any particular issue or problem.

2 Wage & Break Laws

Minimum Wage

\$16 for most workers, \$20 for fast food workers, \$25 for healthcare workers

- Many local governments have mandated minimum wage.
- Some are based on industry and location.
- Many local municipalities have a higher minimum wage.

Exempt Salary Threshold

\$66,560

Licensed physicians and surgeons are exempt from overtime as long as they earn a minimum of \$101.22 per hour (2024) or \$210,537 annually.

Meal Breaks

- Provide a 30-minute unpaid meal period to nonexempt employees working more than 5 hours per day.
- Provide a second meal period of at least 30 minutes to employees who work more than 10 hours per day.
- If failed to provide a required meal period, pay the employee 1 additional hour of pay at his or her regular rate of pay for each workday the meal period is not provided.
- According to California supreme court, employers cannot round time punches when recording meal periods.

Rest Periods

- Permit nonexempt employees to take a paid rest period that must, insofar as practicable, be taken in the middle of each work period. The rest period must be at the minimum rate of a net 10 consecutive minutes for each 4-hour work period, or major fraction thereof.
- If they fail to provide a required rest period, pay the employee 1 additional hour of pay at the employee's regular rate of pay for each workday that the rest period is not provided.
- Count a mandated recovery period (a cooldown period afforded to an employee to prevent heat illness) as hours worked, for which there may be no deduction from wages.

Missed meal and rest periods: Under state law, employers must compensate their employees with one additional hour of pay for each workday they miss a meal or rest break. This premium must be paid at the employees' regular wage rate.

Day of Rest: Employees are generally entitled to 1 day's rest every 7 days. An employer may not cause its employees to work more than 6 days every 7 days.

Final Paychecks

- **Fired/Laid off:** At time of discharge.
- **Quit/Resign:** If the employee quits with at least 72 hours' notice, and quits on the day given in the notice, the final paycheck (including accrued vacation) must be provided at the time of quitting. If the employee quits with less than 72 hours' notice, the final paycheck (including accrued vacation) must be made within 72 hours of quitting.
- **Separation notice requirements:**
 - Provide within 14 days of notification of qualifying event: [COBRA](#)
 - Provide no later than effective date of discharge: [California Programs for the Unemployed \(DE 2320\)](#)
 - Provide immediately upon termination: [Change of status](#) and [Health Insurance Premium Notice](#)

Overtime Pay

1.5x

- 1.5 times their regular rate of pay for work in excess of 8 hours per day or 40 hours per week.
- Double their regular rate of pay for hours worked in excess of 12 hours per day.
- If they work on a 7th consecutive workday, 1.5 times their regular rate of pay for the first 8 hours, then double their regular rate of pay for hours worked in excess of 8.

3 Hiring Laws

New Hire Paperwork

- **Provide before collecting personal information from applicant/employee:**
 - Consumer Privacy Act
- **Provide following documents at new hire orientation:**
 - California Tax Withholding (DE-4)
 - Paid Family Leave Insurance (DE 2511)
 - Sexual Harassment (CRD-185-ENG)
 - Time to Hire/Workers' Compensation
 - Wage Theft Prevention Act (DLSE-NTE) (for non exempt employees)
 - Rights of Victims of Domestic, Sexual Assault and Stalking (upon request)
 - Lactation Accommodation Policy (provide and when an employee asks about/requests parental leave)
 - Family Care and Medical Leave Fact Sheet (recommended, not required)
- **Provide within 5 days of hire:**
 - Disability Insurance Provisions (DE 2515)
- **There are also county specific requirements.**

Pay Transparency

(Businesses with ≥15+ workers)
Must disclose pay ranges on job postings

California Equal Pay Act

- Prohibits employers from paying employees less than employees of the opposite sex for equal work
- Employers cannot ask applicants for their salary history

"Ban the Box" or Fair Chance Act

- Prohibits employers w/ 5 or more employees from inquiring into an employee's criminal history before making a conditional offer of employment.
- Even after making an offer, an employer cannot deny employment without making an individualized assessment.

Anti-Discrimination

Can't make employment decisions based on:

- Race
- Color
- Religion (includes religious dress and grooming practices)
- Sex/gender (includes pregnancy, childbirth, breastfeeding and/ or related medical conditions)
- Gender identity, gender expression
- Sexual orientation
- Marital status
- Medical Condition (genetic characteristics, cancer or a record or history of cancer)
- Military or veteran status
- Ancestry
- Age (over 40)
- National origin (includes language use and possession of a driver's license issued to persons unable to provide their presence in the United State is authorized under federal law)
- Disability (mental and physical including HIV/AIDS, cancer, and genetic characteristics)
- Genetic information
- Request for family care leave
- Request for leave for an employee's own serious health condition
- Request for Pregnancy Disability Leave
- Retaliation for reporting patient abuse in tax-supported institutions

4 Benefits

Workers' Comp

- An employer is liable to compensate for any injury sustained by their employees arising out of and in the course of their employment and for the death of any employee if the injury is a proximate cause of the death. It is the sole remedy for an employee against their employer.

California State Disability Insurance

- For injury/illness NOT on the job
- If eligible, receive 60 to 70 percent of your wages earned 5 to 18 months before you claim start date for a max of 52 weeks.

Requirement to Sponsor a Retirement Plan

- CalSavers Retirement Program: Employers with one or more employees must participate in CalSavers if they do not already have a workplace retirement plan.

5 Employee Leave Laws

California Paid Sick Leave

- Must provide a minimum of 40 hours OR 5 days off to qualifying full-time, part-time, and temporary workers who:
 - Work for the same employer for at least 30 days within a year in California, and
 - Complete a 90-day employment period before taking any paid sick leave

Kin Care Leave

- Employers who provide sick leave for their employees must permit an employee to use up to half of his or her accrued sick leave in any calendar year in the following instances:
 - For diagnosis, care, or treatment of an existing health condition of—or preventive care for—an employee or an employee's family member; or
 - For certain purposes if an employee is a victim of domestic violence, sexual assault, or stalking.

California Paid Family Leave (PFL)

- Employers with 5 or more employees must provide PFL benefit payments for up to 8 weeks to employees who need time off work to care for a seriously ill family member, bond with a new child, or participate in a qualifying event because of a family member's military deployment to a foreign country.
- PFL does not guarantee job protection but can be used in conjunction with CFRA or FMLA, which provide job protection

Family Medical Leave (FMLA)

For employers with ≥50 employees

- For serious health conditions of employees or family members
- Unpaid leave (up to 12 wks) for qualified reason

Pregnancy Disability Leave

- Employers with 5 or more employees are required to provide an employee disabled by pregnancy, childbirth, or related medical condition determined by her doctor, with unpaid, job-protected leave for a reasonable period of time (up to 4 months)
- All leave taken in connection with a specific pregnancy counts toward computing the four-month period.
- An employee who is disabled by pregnancy may qualify for State Disability Insurance wage replacement while the employee is unable to work.

Jury Duty and Witness Leave

- All employers are prohibited from discharging or in any way discriminating against employees who take time off from work to serve on a jury, comply with a valid subpoena or attend judicial proceedings related to a felony crime. Leave is unpaid. Notice requirements apply.

Bereavement

- Employers with five or more employees are required to grant an eligible employee's request to take up to 5 days of bereavement leave upon the death of a family member.
- To be eligible an employee must have been employed for at least 30 days before taking the leave.

California Family Rights Act

- Requires employers with 5 or more employees to provide up to 12 weeks of unpaid, job-protected leave for employees who need time off work to care for a seriously ill family member, bond with a new child, or the employee's own serious health condition (excluding pregnancy, which is covered by Pregnancy Disability Leave.)

Voluntary Drug or Alcohol Rehabilitation Leave

- Employers with 25 or more employees must provide unpaid time off for employees voluntarily attending drug or alcohol rehabilitation programs absent undue hardship on the employer as a form of reasonable accommodation. The law does not provide a specific amount of time off; instead, employers must provide reasonable time off that does not cause undue hardship.
- Employees may use accrued paid sick leave, and the employer may permit the use of PTO or vacation leave. This type of leave may run concurrently with the FMLA or the CFRA.

Military Leave

Federal Law:

- For active duty, training, or related leave
- Unpaid, job protected leave

California Military Leave

- Employers must grant up to 17 days of temporary, unpaid leave per year to employees in the U.S. reserves, National Guard, or naval militia who are called to engage in drills, training, encampment, naval cruises, special exercises, or like activities. Private employers must grant up to 15 days of unpaid temporary leave annually, including travel time, to employees in the state military reserve for training, drills, and other inactive duty training.
- Employers of 15 or more employees must provide not less than 10 days per year of leave but no more than 3 days at a time to employees who are volunteer members of the California Wing of the Civil Air Patrol.
- All employers with 25 or more employees must allow a qualified employee to take up to 10 days of unpaid leave while their service member spouse is on leave from deployment.

Voting Leave

- Eligible employees must be allowed to take enough leave time to vote in a statewide election if they don't have sufficient time to do so outside of work hours.
- Up to two hours of paid voting leave.
- Employees must give at least two workdays' notice if, on the third workday before Election Day, they know or have reason to believe that they will need leave to vote.
- Employers must post a notice about the voting leave law at least 10 days before a statewide election. The notice must be posted where it can be seen by employees when they enter or leave the worksite.

Victims Leave

- Employers with 25 or more employees must provide victims of domestic violence, sexual assault, or stalking unpaid time off for up to 12 weeks to obtain help from a court; to seek medical attention; to obtain services from an appropriate shelter, program or crisis center; to obtain psychological counseling; or to participate in safety planning, such as permanent or temporary relocation.
- Applies to employee or family member is a victim of sexual/domestic violence
- Unpaid, job protected leave

Reproductive Loss Leave

- Employers with five or more employees must allow an employee who has worked for the employer for at least 30 days to take up to five days of unpaid leave following a reproductive loss such as, miscarriage, stillbirth or an unsuccessful assisted reproduction.
- Employees may choose to use any accrued and available paid sick leave or other paid time off. Employers are prohibited from retaliating against any employee for requesting or taking leave for a reproductive loss.

6 Other Noteworthy Areas

Required Harassment Training

- Requires businesses with five or more employees (including employees outside of California) to provide sexual-harassment-prevention training to new hires w/in 6 months, and every two years thereafter.
- California supervisors must complete a 2 hour sexual harassment training once every 2 years and within 6 months of becoming a supervisor.

E-verify

- In California, E-Verify is optional for most employers, but required for federal contractors and subcontractors.

Show Up Pay/Reporting Time Pay

- "Reporting time pay" is a form of wages that compensate employees who are scheduled to report to work but who are not put to work or furnished with less than half of their usual or scheduled day's work because of inadequate scheduling or lack of proper notice by the employer.
- Each workday an employee is required to report to work, but is not put to work or is furnished with less than half of his or her usual or scheduled day's work, he or she must be paid for half the usual or scheduled day's work, but in no event for less than two hours nor more than four hours, at his or her regular rate of pay.
- If an employee is required to report to work a second time in any one workday and is furnished less than two hours of work on the second reporting, he or she must be paid for two hours at his or her regular rate of pay.