

Tax and Payroll Responsibilities for Growing Businesses

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Tax and Wage Reporting

If you have employees, you are responsible for several federal, state, and local taxes. Some of these taxes apply to employers, some are levied upon employees, and some apply to both employers and employees. Employment taxes are:

- Federal income tax withholding
- Social security and Medicare taxes
- Federal unemployment tax act (FUTA) tax

In addition, as a business, you are responsible for timely payment or deposit of the employment taxes withheld from employees, your matching share of social security and Medicare taxes, and any federal unemployment tax act (FUTA) tax. The employer's share of the social security, Medicare, and all of the FUTA tax deposits are deductible. Be careful to only deduct the employer's share of the social security and Medicare taxes. Do not deduct gross wages (before deductions for income tax withholding, social security, and Medicare) plus the employee's share of social security and Medicare. That would be deducting social security and Medicare twice. Either deduct gross wages plus the employer's share of social security and Medicare, or net wages plus all payments for social security and Medicare.

Important Reminders:

- ✓ Form 940 and 941 may now be filed electronically.
- ✓ You must make electronic deposits of all taxes if your total tax deposits in 2009 were \$200,000 or more, or if you were required to use EFTPS in 2008.
- ✓ When hiring new employees, you must verify that they are legally eligible to work in the U.S. by completing Form I-9. You are also required to report any new employee to the state with a copy of Form W-4.
- ✓ Required taxes must be withheld from each paycheck or unemployment compensation.
- ✓ You may redesignate estimated income tax payments as employment tax deposits if your tax liability is going to be lower than originally estimated.

For a FREE Quote from GTM Payroll Services, call 518-373-4111 TODAY!

Calendar of Employer Responsibilities:

New Employees

- ✓ Verify work eligibility of employees
- ✓ Record employee's names and SSNs from social security cards
- ✓ Ask employees for Form W-4

Each Payday

- ✓ Withhold Federal income tax based on each employee's Form W-4
 - ✓ Withhold employee's share of social security and Medicare taxes
 - ✓ Include advance earned income credit in paycheck if employee requested it on Form W-5
 - ✓ Deposit:
 - withheld income tax
 - withheld and employer social security taxes
 - withheld and employer Medicare taxes
- *due date of your deposits depends on your deposit schedule (monthly or semiweekly)*

Quarterly (by April 30, July 31, October 31, and January 31)

- ✓ Deposit FUTA tax in an authorized financial institution if over \$100
- ✓ File Form 941 (pay tax with return if not required to deposit)

Annually

- ✓ Remind employees to submit a new Form W-4 if they need to change their withholding
- ✓ Ask for a new Form W-4 from employees claiming exemption from income tax withholding
- ✓ Reconcile Forms 941 with Forms W-2 and W-3
- ✓ Furnish each employee with a Form W-2
- ✓ File Copy A of Forms W-2 and the transmittal Form W-3 with the SSA
- ✓ Furnish each recipient with a Form 1099
- ✓ File Forms 1099 and 1096
- ✓ File Form 940 or 940EZ
- ✓ File Form 945 for any non-payroll income tax withholding

For further information about your federal and state employer tax and payroll responsibilities, contact GTM Payroll Services at www.GTM.com or call 518-373-4111 today.