



## Payroll Tax Essentials: A Guide for Employers

### FSMC Bookkeeping Services

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## Understanding Payroll Taxes

**Payroll taxes** are mandatory contributions employers must manage, encompassing:

- **Employee Withholdings:**
    - Federal Income Tax
    - Social Security (6.2%)
    - Medicare (1.45%)
    - State and local taxes (varies)
  - **Employer Contributions:**
    - Social Security (6.2%)
    - Medicare (1.45%)
    - Federal Unemployment Tax (FUTA)
    - State Unemployment Insurance (SUI)
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## Common Misconceptions

- **"Small businesses are exempt."**  
*False.* Any business with employees must comply.
  - **"Contractors require payroll taxes."**  
*Incorrect.* Contractors handle their own taxes; misclassification can lead to penalties.
  - **"Family employees are exempt."**  
*Not always.* Specific IRS rules apply.
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## **Filing Requirements**

- **Form 941:** Quarterly report of wages and taxes withheld.
  - **Form 940:** Annual FUTA tax return.
  - **W-2 Forms:** Annual wage and tax statements to employees.
  - **Tax Deposits:** Use [EFTPS](#) for timely payments.
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## **State and UI Taxes**

- **State Income Tax:** Varies by state; some states have no income tax.
  - **State Unemployment Insurance (SUI):** Mandatory employer contributions; rates vary.
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## **Resources**

- [IRS Employer's Tax Guide](#)
  - [IRS Forms and Instructions](#)
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## **Partner with FSMC Bookkeeping Services**

Let FSMC handle your payroll needs:

- Accurate calculations and timely filings
- Compliance with federal and state regulations
- Personalized support and guidance

**Contact us today** to streamline your payroll process and ensure compliance.