



SOS 1040 PLUS, LLC

# Entrepreneurship Series – Payroll Taxes

#MONEYMONDAYS  
AUGUST 20, 2018

# Tonight's #MyFriendSaid

*Earned Income Credit has been cancelled.*



# Tonight's Tax Tip

## IRS Transcripts

- **What is it?**
  - An official copy of your tax return filing(s).
- **Where can I get one?**
  - Online: <https://sa.www4.irs.gov/irfof-tra/start.do;jsessionid=MT74pCUJX9r+sNtp56hJqgm0.22>
  - Phone: 1-800-829-1040

# Tonight's Tax Tip

## IRS Transcripts

- **Why would I need it?**
  - College financial aid verification
  - Mortgage application
  - Auto loan application
  - Confirm you have not been a victim of identity theft
- **What is on it?**
  - All of your pertinent tax information
  - Gross and taxable income
  - Filing status
  - Dependent's information (last 4 of last name and ssn)

# What are Employer Taxes?

- Federal and state withholdings
- FICA (Social Security and Medicare)
- Federal unemployment
- State unemployment
- Worker's Comp

# Federal and State Withholdings

- Funds withheld from your employee's gross wages.
- Must be paid directly to the IRS and/or state within a specific time frame
- Does not "cost" the employer anything
- Reported on IRS Form 941

# FICA

- Social Security
  - 6.2% of employee's wages are withheld
  - Employer matches 6.2%
  - Must be paid directly to the IRS
  - Reported on IRS Form 941

# Medicare

- Medicare
  - 1.45% of employee's wages are withheld
  - Employer matches 1.45%
  - Must be paid directly to the IRS
  - Reported on IRS Form 941



# Federal Unemployment

- Employer only tax
  - Paid based on gross pay of all employees.
  - Paid quarterly or annually
  - Paid on the first \$7,000 of each employee's gross wages
  - Reported on IRS Form 940

# Worker's Compensation

- Varies by state
- Rates vary by industry and job duties (clerical will be cheaper than a roofer)

# State Unemployment

- Employer only tax
  - Operated by individual state
  - Employer is provided a “rate” each year
- In Ohio
  - Employer pays on the first \$9,500 of each employee’s wages.
  - Rates vary
  - Reported and to Ohio Department of Job and Family Services quarterly

# Add it all up...

- We advise our clients to budget for an estimate of 10-13% above the gross wages.
- This includes
  - 6.25% - Social Security
  - 1.45% - Medicare
  - 1-5% - State unemployment
    - rate issued to each company by your state
  - Worker's compensation
    - based on industry, job duties, and employer history
  - FUTA (Federal Unemployment Tax)
    - Rate varies per year from the government
    - 2017 rate was .006 on the first \$7,000

# Trust Fund Recovery Penalty

The Trust Fund Recovery Penalty is a penalty imposed on businesses who collect money, account for that money, and pay that money to taxing entities. Sales taxes are a TFRP tax, as are payroll taxes. The TFRP can be imposed by the IRS for:

- Willful failure to collect tax,
- Willful failure to account for and pay tax, or
- Willful attempt in any manner to evade or defeat tax or the payment thereof.

# How Much is the Penalty?

The penalties can range but can be up to 100% of all combines taxes PLUS penalties and interest.

# Personal Liability

You as a responsible party for your company can be held personally liable for willful failure to withhold employee pay and payroll taxes or to pay withheld income taxes and other payroll taxes to federal and state agencies.

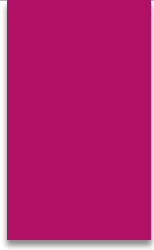
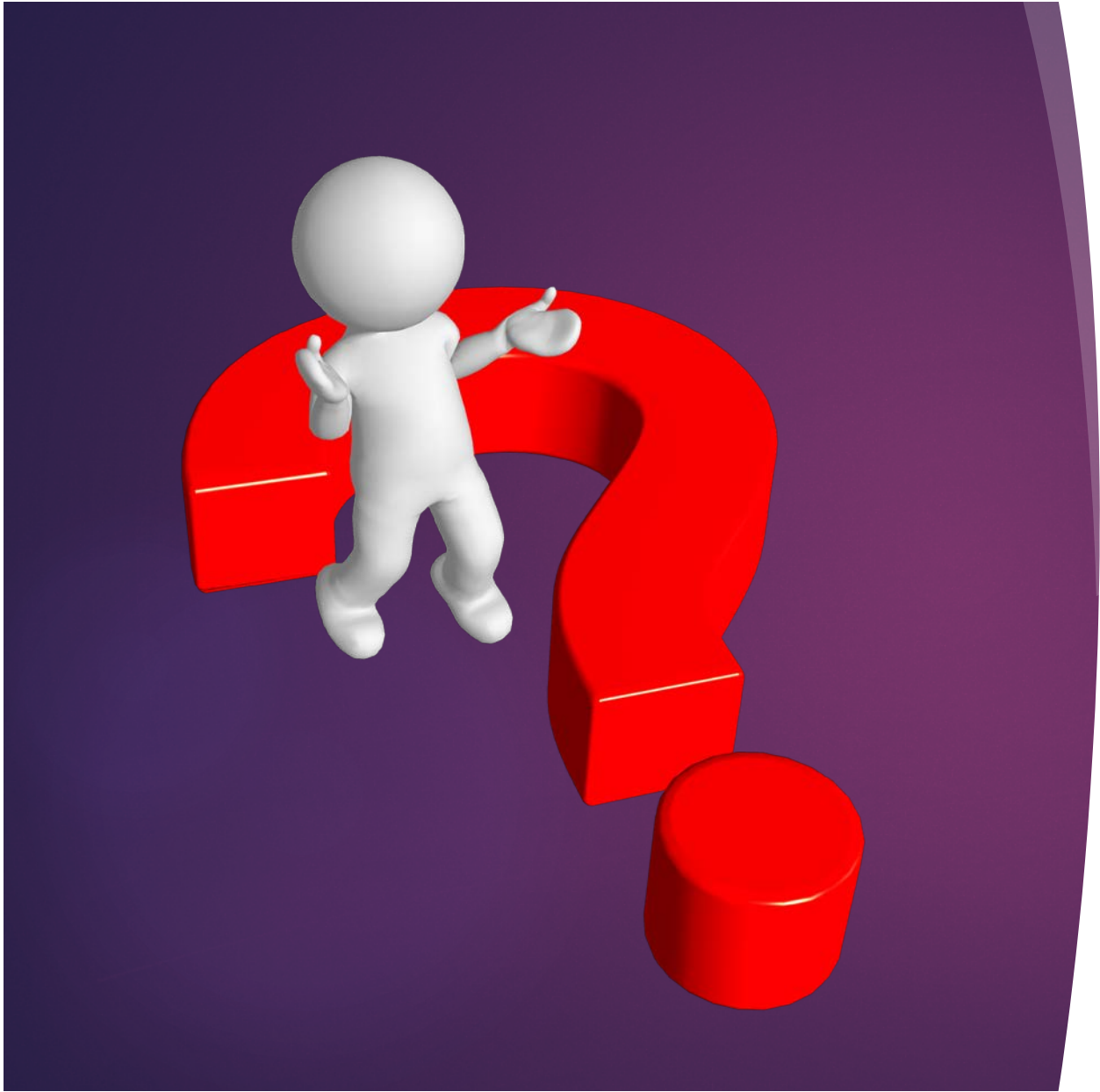
# Bottom Line!

Do not file late!

Do not pay late!

Do not “borrow” from your trust fund account!





payroll  
taxes  
tax  
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accurate  
deductions  
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financial systems  
taxing solutions  
paychecks filings companies state  
rules



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