

WHAT EMPLOYERS SHOULD KNOW ABOUT PAYROLL TAX CHANGES

IN 2020



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How to Remit and File Payroll Taxes



REPORT THE EARNINGS AND TAX WITHHOLDINGS OF EACH EMPLOYEE QUARTERLY ON FEDERAL, STATE AND LOCAL TAX RETURNS.



REPORT EMPLOYEES' TOTAL WITHHOLDING AMOUNTS ANNUALLY.



DEPOSIT TAXES IN FULL TO AN AUTHORIZED BANK OR FINANCIAL INSTITUTION.



NEW W-4 REQUIRED FOR EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2020 AND CURRENT EMPLOYEES WHO WISH TO CHANGE THEIR WITHHOLDING STATUSES.

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Who Pays What?



EMPLOYEE PAYROLL TAXES

- Federal Income Tax
- State and Local Income Tax
- Social Security
- Medicare



EMPLOYER PAYROLL TAXES

- Federal Unemployment Tax
- State Unemployment Tax
- Social Security
- Medicare

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How Much is Payroll Tax?



SOCIAL SECURITY

Employer	6.2%
Employee	6.2%
Total	12.4%
Cap	\$137,700

Purpose

Per dollar, 85 cents goes to a trust fund that pays monthly benefits to current retirees and their families and to surviving spouses and children of workers who have died. The other 15 cents goes to a trust fund that pays benefits to people with disabilities and their families.



MEDICARE

Employer	1.45%
Employee	1.45%*
Total	2.9%
Cap	No Limit

Purpose

This tax goes to a trust fund that pays for some of the costs of hospital and related care of all Medicare beneficiaries. *Once wages exceed \$200,000, Medicare is 2.35% for employees.



STATE UNEMPLOYMENT

Employer	Variable
Employee	None*
Total	Variable
Cap	Variable

Purpose

This tax, paid to state workforce agencies, pays unemployment benefits to state workers. State law determines individual state unemployment insurance tax rates. *A few states charge employees unemployment tax, be sure to verify state and local regulations.



FEDERAL UNEMPLOYMENT

Employer	6.0%*
Employee	None
Total	6.0%
Cap	\$7,000

Purpose

This tax covers the costs of administering Unemployment Insurance and Job Service programs in all states. *Employers receive a credit of 5.4% against the 6% rate when all state unemployment taxes are paid on time.

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How the New W-4 Form Impacts Payroll Tax



Reflects changes associated with the Tax Cuts and Jobs Act, such as the elimination of personal and dependency exemptions



Required for employees hired on or after January 1, 2020 and current employees who wish to change their withholding statuses



Aims to more accurately match withholding amounts to actual tax liability



Not mandatory to update legacy W-4 forms



In response to federal updates, many states have made changes to their withholding systems. Review the specific requirements for your state.

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How FrankCrum Helps with Payroll Taxes



WE ASSUME THE RESPONSIBILITY FOR FEDERAL, STATE AND LOCAL TAX FILINGS



WE AUTOMATE PAYROLL TAX DEDUCTIONS FROM EMPLOYEE WAGES



WE REMIT THE CORRECT AMOUNT TO THE VARIOUS TAX AGENCIES BASED ON THE LATEST PAYROLL TAX REGULATIONS



WE CREATE, DISTRIBUTE AND FILE W-2S FOR EMPLOYEES OR 1099S FOR INDEPENDENT CONTRACTORS