

# WHAT EMPLOYERS SHOULD KNOW ABOUT PAYROLL TAX CHANGES

IN 2019



## 1

### How to Remit and File Payroll Taxes



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



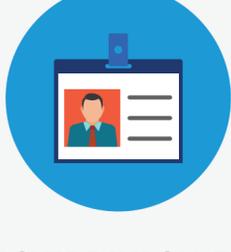
**REPORT EMPLOYEES' TOTAL WITHHOLDING AMOUNTS ANNUALLY.**



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

## 2

### 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

## 3

### How Much is Payroll Tax?



#### SOCIAL SECURITY

Employer	6.2%
Employee	6.2%
<b>Total</b>	<b>12.4%</b>
Cap	\$132,900
<b>Purpose</b>	

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%*
<b>Total</b>	<b>2.9%</b>
Cap	No Limit
<b>Purpose</b>	

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*
<b>Total</b>	<b>Variable</b>
Cap	Variable
<b>Purpose</b>	

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
<b>Total</b>	<b>6.0%</b>
Cap	\$7,000
<b>Purpose</b>	

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.

## 4

### How the Tax Cuts and Jobs Act Affects Payroll Tax in 2019



Lowers tax rates and changed income ranges



Excludes personal and dependent exemptions



Increases standard deduction



Expands child tax credit



Provides small business owners with a 20% deduction against business income



Eliminates the corporate alternative minimum tax (AMT)



Removes Affordable Care Act (ACA) penalty for those without health insurance coverage

## 5

### 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**