GUIDE

How to register for state payroll taxes

Before your first payroll, register with the state where each employee works: a withholding account with the revenue department, if the state taxes wages, and an unemployment insurance account with the state workforce agency, which every state has. Some states add paid family leave or disability programs, and some cities have their own payroll taxes.

QUICK FACTS

- **Withholding.** Forty-one states and Washington, DC tax wages and need a withholding account
- **Unemployment.** Every state runs an unemployment insurance tax with its own wage base and rate
- **Where.** Register in the state where the employee works, which may not be your home state

Which state accounts do I need?

For each state where you have employees:

1. A withholding account with the state revenue department, so you can withhold and pay state income tax. Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming don't tax wages, so there's none to open there.
2. An unemployment insurance (SUI) account with the state workforce or labor agency. Every state has one, and the employer pays the tax in most states.
3. Any extra programs, such as paid family leave or disability insurance in states that run them, which can be employee-paid, employer-paid or shared.

You'll also report each new hire to the state's new hire registry, usually within 20 days.

What do I need before registering?

A federal EIN, your legal name and entity type, the date you first paid or will pay wages in the state, the work address, and owner or officer details. Many states ask how many employees and how much payroll you expect. Get the EIN and set up EFTPS for federal deposits first. Our first employee checklist has the full order.

General information, not tax advice for your situation.

What rate will I pay for unemployment?

New employers get a starting rate set by the state, then a rate based on their own layoff history after a few years. Each state taxes wages up to its own wage base, which ranges from $7,000 to more than $70,000 per employee. You'll get a rate notice each year, so keep it, because payroll software needs it. The federal unemployment tax (FUTA) is separate, at 0.6% on the first $7,000 per employee for most employers. Our payroll cost calculator adds it all up.

What about remote employees?

State payroll taxes generally follow where the employee physically works. A Texas business with an employee working from home in Georgia registers in Georgia, withholds Georgia tax and pays Georgia unemployment. A few states have special rules for people who work across state lines, so check before the first payroll.

Are there local payroll taxes?

In some places, yes: cities and school districts in states such as Pennsylvania, Ohio, Michigan, Kentucky, Indiana, Maryland and New York, among others. Each has its own registration. Payroll providers handle most local taxes once you give them the work address.

Want it set up for you?

Our payroll service registers every federal, state and local account, sets up Gusto or ADP and runs payroll from the first check. Our state tax forms and registration links page lists each state's agencies.

Common questions

How long does state payroll registration take?
Often a few days online, though some states take two weeks or more to issue an account number. Register before your first payroll.

Do I need to register in my state if I'm the only employee?
If you're an S-Corp owner on payroll, yes. You're an employee of the corporation, so it registers like any employer.

Which states have no state income tax on wages?
Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming. All of them still have unemployment tax.

What if I paid wages before registering?
Register right away and file the missed returns. Penalties are usually smaller when you come forward first.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com

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