FREE REFERENCE

Idaho business taxes, explained for 2026

Small businesses in Idaho register with the state revenue agency for income tax withholding and sales tax, and with the Idaho Department of Labor for unemployment tax. Idaho has a flat 5.3% income tax, a 6% state sales tax and a $58,300 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** A flat 5.3% income tax for 2026
- **Sales tax.** 6% state rate, about 6.03% combined with local
- **Unemployment.** Employers pay Idaho unemployment tax on the first $58,300 of each worker's 2026 wages

What taxes does a small business pay in Idaho?

Most Idaho businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Idaho?

Before your first payroll in Idaho:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Idaho withholding account with the Idaho revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Idaho Department of Labor. For 2026, the tax applies to the first $58,300 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Idaho's new hire registry, usually within 20 days.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Idaho sales tax permit?

If you sell taxable goods or services in Idaho, yes. Register with the Idaho revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Idaho's economic nexus threshold.

SALES TAX IN IDAHO, MIDYEAR 2026	RATE
State rate	6%
Average local rate	0.03%
Average combined rate	6.03%
Highest local rate	3%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Idaho tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Idaho income tax on it at the personal rates: a flat 5.3% income tax. Idaho allows a standard deduction of $16,100 single and $32,200 joint.

Estimate yours with the Idaho income tax calculator.

Where are Idaho's tax forms and refund status?

- Idaho tax forms
- Idaho revenue agency
- Idaho refund status
- Idaho Department of Labor

Every state's links are on our state tax forms page.

Which calculators work for Idaho?

- Idaho paycheck calculator: take-home pay after every deduction
- Idaho income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Idaho unemployment

Common questions

Do I need a sales tax permit in Idaho?
Yes, if you sell taxable goods or services there. Register with the Idaho revenue agency before your first taxable sale.

What is the Idaho unemployment wage base for 2026?
$58,300. Employers pay Idaho unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Idaho have a state income tax?
Yes. Idaho has a flat 5.3% income tax for 2026.

Who runs payroll taxes in Idaho?
The Idaho revenue agency handles income tax withholding, and the Idaho Department of Labor handles unemployment tax.

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.

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