FREE REFERENCE

Massachusetts business taxes, explained for 2026

Small businesses in Massachusetts register with the state revenue agency for income tax withholding and sales tax, and with the Massachusetts Department of Unemployment Assistance for unemployment tax. Massachusetts has income tax rates from 5% to 9%, a 6.25% state sales tax and a $15,000 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** Income tax rates from 5% to 9% for 2026
- **Sales tax.** 6.25% state rate, about 6.25% combined with local
- **Unemployment.** Employers pay Massachusetts unemployment tax on the first $15,000 of each worker's 2026 wages

What taxes does a small business pay in Massachusetts?

Most Massachusetts 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 Massachusetts?

Before your first payroll in Massachusetts:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Massachusetts withholding account with the Massachusetts revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Massachusetts Department of Unemployment Assistance. For 2026, the tax applies to the first $15,000 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 Massachusetts's new hire registry, usually within 20 days.

Employees in Massachusetts also pay paid family and medical leave at 0.46% of wages up to $184,500.

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 Massachusetts sales tax permit?

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

SALES TAX IN MASSACHUSETTS, MIDYEAR 2026	RATE
State rate	6.25%
Average local rate	0%
Average combined rate	6.25%
Highest local rate	0%

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 Massachusetts tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Massachusetts income tax on it at the personal rates: income tax rates from 5% to 9%. Massachusetts allows a personal exemption of $4,400 single and $8,800 joint and $1,000 for each dependent.

Estimate yours with the Massachusetts income tax calculator.

Where are Massachusetts's tax forms and refund status?

- Massachusetts tax forms
- Massachusetts revenue agency
- Massachusetts refund status
- Massachusetts Department of Unemployment Assistance

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

Which calculators work for Massachusetts?

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

Common questions

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

What is the Massachusetts unemployment wage base for 2026?
$15,000. Employers pay Massachusetts unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Massachusetts have a state income tax?
Yes. Massachusetts has income tax rates from 5% to 9% for 2026.

Who runs payroll taxes in Massachusetts?
The Massachusetts revenue agency handles income tax withholding, and the Massachusetts Department of Unemployment Assistance 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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