FREE REFERENCE

New York business taxes, explained for 2026

Small businesses in New York register with the state revenue agency for income tax withholding and sales tax, and with the New York State Department of Labor for unemployment tax. New York has income tax rates from 3.9% to 10.9%, a 4% state sales tax and a $17,600 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** Income tax rates from 3.9% to 10.9% for 2026
- **Sales tax.** 4% state rate, about 8.54% combined with local
- **Unemployment.** Employers pay New York unemployment tax on the first $17,600 of each worker's 2026 wages

What taxes does a small business pay in New York?

Most New York 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 New York?

Before your first payroll in New York:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a New York withholding account with the New York revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the New York State Department of Labor. For 2026, the tax applies to the first $17,600 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 New York's new hire registry, usually within 20 days.

Employees in New York also pay paid family leave at 0.43% of wages up to $95,354; disability insurance at 0.5% of wages up to $6,240.

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 New York sales tax permit?

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

SALES TAX IN NEW YORK, MIDYEAR 2026	RATE
State rate	4%
Average local rate	4.54%
Average combined rate	8.54%
Highest local rate	4.88%

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 New York tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay New York income tax on it at the personal rates: income tax rates from 3.9% to 10.9%. New York allows a standard deduction of $8,000 single and $16,050 joint and $1,000 for each dependent. New York City residents also pay city income tax, from 3.078% to 3.876%. Yonkers adds a surcharge.

Estimate yours with the New York income tax calculator.

Where are New York's tax forms and refund status?

- New York tax forms
- New York revenue agency
- New York refund status
- New York State Department of Labor

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

Which calculators work for New York?

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

Common questions

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

What is the New York unemployment wage base for 2026?

$17,600. Employers pay New York unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does New York have a state income tax?

Yes. New York has income tax rates from 3.9% to 10.9% for 2026.

Who runs payroll taxes in New York?

The New York revenue agency handles income tax withholding, and the New York State 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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