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What You Need to Know about Business Taxes in Starting Your New Business

Areas of small business tax liability include federal and state income taxes, state sales and use tax, FICA (Social Security and Medicare) tax, FUTA (federal unemployment) tax, SUTA (state unemployment tax) and state withholding tax. In addition, a business might be liable for less commonly applicable taxes. All businesses (except for a sole proprietorships without employees) will need a federal and state tax identification number. A federal tax ID number can be obtained by filing Form SS-4 (www.irs.gov) with the Internal Revenue Service and a Minnesota tax ID can be obtained at the Minnesota Department of Revenue's website (www.taxes.mn.us) once the federal tax ID number has been received. In addition, Minnesota employers will need to file for an unemployment insurance account number at the Minnesota Employment and Economic Development Department (651-296-6141) once employees are hired.

Payroll taxes are required to be deposited semi-weekly, monthly, quarterly, or annually depending on the amount of tax liability owed. State unemployment taxes (SUTA) are reported quarterly and federal unemployment taxes (FUTA) are reported annually although liability deposits are required when the liability is \$500 or more.

Sales tax is required to be reported monthly, quarterly, or yearly depending on the amount of tax liability. The sales tax report also includes use tax.

AW Smith LLC	Rockford, Minnesota
	One free half-hour consultation regarding the tax and accounting issues of starting your business. Please call 763-477-4949.
Helping Small Business Navigate	