

BUSINESS TAXES

Common 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, state unemployment tax, and tax withholding. In addition, businesses may be liable for less commonly applicable taxes such as taxes on the sale of fuel, alcohol products and cigarettes, and the hazardous waste generator tax. These taxes are discussed in more detail in this section.

Note that businesses that operate in multiple jurisdictions, whether cities, states, or counties, need to be concerned about the taxes imposed by each of those jurisdictions, as well as the impact on the tax imposed by their home jurisdiction. This applies equally to businesses using the Internet to sell goods or services.

SOURCES OF INFORMATION

Business owners who wish to learn more about federal and state taxation can attend workshops and seminars offered throughout the state. Telephone numbers for these workshops are listed in the Resource Directory section of the Small Business Assistance Office publication, *A Guide To Starting A Business In Minnesota*.

Internal Revenue Service and Minnesota Departments of Revenue and Employment and Economic Development Business Education Workshops

The Internal Revenue Service and the Minnesota Departments of Revenue and Employment and Economic Development sponsor free workshops on tax issues for small businesses. For more information on these workshops visit the Minnesota Department of Employment and Economic Development UI Division website at www.uimn.org or call (651) 259-7220 or (651) 259-7567 for more information.

Basic Workshops. Daytime workshop series offer sessions suitable for new businesses, new employers, and others interested in an introduction to business tax responsibilities.

- **Business Income Tax** discusses various types of business organizations, such as sole proprietorships, partnerships, and corporations, and the tax requirements of each type of business. Basic record keeping, estimated tax payments, business use of one's home and certain business expenses are discussed.
- **Sales Tax** provides a basic understanding of the types of goods and services subject to sales tax. Use tax requirements, record keeping, filing requirements, forms preparation and the use of purchases with exemption certificates will be discussed. More information on these workshops is available on the Department of Revenue's website, www.revenue.state.mn.us/taxes/business taxpayers.

- **Employment Taxes and Employer Issues and Responsibilities** provides participants with a basic overview of federal and state employment tax requirements including those that relate to: corporation and S-corporation officers and employees; withholding and deposits; unemployment tax; quarterly and annual filings; and independent contractor/employee issues. The workshop also includes labor standards issues and the rules for employers with respect to employee child support and other obligations (further discussed in the “Issues for Employers” section of the *Guide*). Topics presented in the “Employment Tax” workshop are included in a course guide available online as an Adobe PDF file, www.uimn.org.

Written Information

Both the Internal Revenue Service and the Minnesota Department of Revenue have written information on certain business topics.

Internal Revenue Service. The IRS tax information website, www.irs.gov/businesses/small/index.html, provides extensive tax information and online tools and resources especially for business. The IRS offers many education products that can be viewed or ordered online at any time.

The Small Business/Self-Employed Division has a free electronic mail service designed to provide tax information for small business owners. By signing-up for the mailing list, a business can receive information about upcoming tax dates, what’s new on the IRS website, recently added tax forms and publications, IRS news releases and special IRS announcements. Subscribe to this and other free subscription services in the Newsroom of www.irs.gov under e-News Subscriptions.

Minnesota Department of Revenue. Information on Minnesota taxes administered by the Minnesota Department of Revenue is published in instruction booklets for each type of tax.

The IRS has a Virtual Small Business Tax Workshop which is composed of nine interactive lessons designed to help new small business owners learn their tax rights and responsibilities. For additional IRS audio and video presentations, visit the IRS Video Portal at www.irsvideos.gov.

In addition, the Sales Tax Division of the Minnesota Department of Revenue publishes Fact Sheets which provide technical application of the sales tax law to certain industries and taxable items. Likewise, the Individual Income Tax Division and the Withholding Tax Division publishes Fact Sheets on individual various tax topics. The instruction booklets and Fact Sheets may be obtained by calling the Department of Revenue at the telephone numbers listed in the Resource Directory section of the *Guide* or by accessing the Department’s website (www.revenue.state.mn.us).