

# 2007 EMPLOYER'S TAX GUIDE

TYPE OF PAYMENT	SOCIAL SECURITY/ MEDICARE	FEDERAL WITHHOLDING	STATE WITHHOLDING	STATE UNEMPLOYMENT	FEDERAL UNEMPLOYMENT	WORKERS' COMPENSATION
<b>AGRICULTURAL</b>	Taxable	Taxable	Exempt*	Exempt except for: 1) an employer who employs 10 or more individuals in such service in at least 20 weeks in the current or preceding calendar year, or 2) an employer who pays at least \$20,000 for such service in any quarter of the current or preceding year	Exempt except for: 1) paid cash wages of \$20,000 or more to farmworkers in any calendar quarter in preceding or current year, or 2) employed 10 or more farmworkers during some portion of a day, whether or not at the same time, for at least one day during any 20 different weeks in the current or preceding year	Taxable
<b>BONUSES</b>	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
<b>CAFETERIA PLANS</b>	Exempt	Exempt	Exempt	Taxable (MT) Exempt (ID)	Exempt	Taxable
<b>COMMISSIONS</b>	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
<b>CORPORATE OFFICERS &amp; MANAGERS OF LLCs</b>	Taxable	Taxable	Taxable	Taxable	Taxable	May be exempt under new rules
<b>401(K) PLAN</b>	Taxable	Exempt	Exempt	Taxable (MT) Exempt (ID)	Taxable	Taxable
<b>HOUSEHOLD EMPLOYEES</b>	Taxable if paid \$1,500 or more per year***	Exempt*	Exempt**	Taxable if paid cash wages of \$1,000 or more in any calendar quarter in the current or preceding year	Taxable if paid cash wages of \$1,000 or more in any calendar quarter in the current or preceding year	Exempt
<b>OVERTIME</b>	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable at regular rate, not overtime rate
<b>SOLE PROPRIETOR FAMILY EMPLOYEES</b>						
Spouse	Taxable	Taxable	Taxable	Exempt	Exempt	Exempt based on marital status
Son or Daughter	Under 18 Exempt	Taxable	Taxable	Under 21 Exempt	Under 21 Exempt	Coverage not required if dependent of employer
<b>SICK PAY</b>	Exempt after six calendar months last worked	Taxable	Taxable	Taxable	Exempt after six calendar months last worked	Taxable unless paid by third party
<b>TIPS &gt; \$20 PER MONTH</b>	Taxable	Taxable	Exempt	Taxable	Taxable	Taxable
<b>VACATION</b>	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
<b>WAGE LIMIT FOR 2007</b>	\$97,500 for Social Security. Unlimited for Medicare.	Unlimited	Unlimited	\$22,700 (MT) \$30,200 (ID)	\$7,000	Special Rules

\*Taxable if employer and employee voluntarily agree. \*\*Taxable if paid more than \$1,000 in any calendar quarter. Some exceptions apply.  
\*\*\*Wage limit is for 2006. The wage limit for 2007 is not available yet.

Social Security and Medicare taxes must be reported separately on the 941 and W2. The Social Security tax rate is 6.2% with a wage base of \$97,500 for 2007, and the Medicare tax rate is 1.45% with no wage limit for a total of 7.65%.