

# PAYROLL TAXES IN TEXAS

WHAT EMPLOYERS NEED TO KNOW IN 2025

---



## THE CHALLENGE: PAYROLL TAXES CAN BE OVERWHELMING

No state income tax—sounds simple, right? Not so fast. **Texas may skip state income tax, but that doesn't mean payroll is a breeze.** Employers still face plenty of rules, filings, and potential pitfalls. Miss a deadline or skip a form, and the IRS or Texas Workforce Commission (TWC) will come knocking.

## TEXAS PAYROLL BASICS

**Here's the good news:** Texas payroll taxes are simpler than in most states. But you still need to pay into the Texas Workforce Commission (TWC) for unemployment insurance and stay on top of your federal obligations.

Let's start with what Texas employers are actually responsible for:

- **Taxable wage base:** The first \$9,000 of each employee's wages
- **Rates:** New employers start at 2.7%, varying by industry and claims history
- **Filing & payment:** Quarterly, due April 30, July 31, October 31, January 31
- **Registration:** Register with TWC within 10 days of hiring your first employee
- **New hires:** Report to the Texas Employer New Hire Reporting Program within 20 days
- **Penalties:** Late filings add 5%, increasing to 10% after 15 days, plus interest

## DON'T FORGET FEDERAL PAYROLL TAXES

Every Texas employer must still handle **federal payroll tax responsibilities.** These fund Social Security, Medicare, and federal unemployment programs. Here's a refresher on the major forms and deadlines.

## FORM 941: QUARTERLY RETURN

Form 941 reports federal income tax withheld, along with both the employer and employee portions of Social Security and Medicare taxes.

- **Due:** Last day of the month after each quarter
- **Deposits:** Monthly or semiweekly
- **Social Security wage base:** \$176,100 (2025)
- **Additional Medicare tax:** 0.9% for wages over \$200k (single) or \$250k (married, filing jointly)

## FORM 940: ANNUAL FUTA TAX

Form 940 covers your federal unemployment (FUTA) tax—separate from the state unemployment taxes paid to TWC. Funds federal unemployment insurance.

- **Rate:** 6% on the first \$7,000 of wages
- **Credit:** Up to 5.4% if state taxes paid on time
- **Due:** January 31

## HOW TO GET (AND STAY) COMPLIANT

The best payroll systems don't just process paychecks—they protect your business from penalties and paperwork headaches. Follow these steps to stay compliant year-round:

1. **Register Early:** Get your IRS EIN and TWC account before hiring your first employee.
2. **Automate Payroll:** Use a trusted system (or Tannery Company) to file, pay, and track deadlines automatically
3. **Stay on Schedule:** Missing even one quarterly filing can trigger penalties and damage employee trust.
4. **Review Regularly:** Wage bases, tax rates, and filing dates can change—make sure you're working with the latest numbers.

## WHY COMPLIANCE MATTERS

Payroll mistakes don't just cause fines—they damage employee confidence, create messy corrections, and distract you from running your business. We've seen **even well-organized employers trip up** on reporting rules or miss small deadlines that lead to big headaches.

**At Tannery Company, we take the stress out of payroll by managing filings, deposits, and tax reporting so you can focus on what you do best: growing your business.**

## KEY FORMS AT A GLANCE

FORM	PURPOSE	FILED WITH	FREQUENCY
<b>941</b>	Federal income tax, Social Security, Medicare	IRS	Quarterly
<b>940</b>	FUTA (Federal unemployment tax)	IRS	Annually
<b>TWC Report</b>	State unemployment tax	Texas Workforce Commission	Quarterly
<b>New Hire Report</b>	Notify state of new employees	Texas Employer New Hire Reporting Program	Within 20 days

## READY TO SIMPLIFY PAYROLL?

**Texas payroll doesn't have to be complicated—but it does have to be right.**

Tannery Company helps employers automate filings, stay compliant, and avoid costly mistakes. Let's take payroll off your worry list so you can get back to running your business.

[SCHEDULE A MEETING](#)

Registered Representative offering securities and advisory services through Independent Financial Group, LLC (IFG), a registered investment adviser. Member FINRA/SIPC. Tannery Company and IFG are unaffiliated entities.