



## Small Business Taxes

### Government Agencies involved in your business:

**Federal** government covers the entire United States (for example, the Internal Revenue Service or IRS)

**State** government covers the state of Arkansas (for example, the Texas Department of Finance and Administration)

**County** government covers counties such as Washington or Benton- you pay taxes to the county your business is located in.

**Local** Government covers individual towns, such as Rogers or Lowell- you pay taxes to the city your business is located in.

### Major Business Taxes:

Taxing Authority	Tax Type	Description	Monthly / Quarterly / Annually	Report Number / Nicknames for Tax	Expense to Business?	Website
Internal Revenue Service	Income Tax	Tax on your income (personal and business). Usually 19-39% of net income.	Reports filed annually by April 15. Estimates paid quarterly.	Income Tax, 1040 (individual), 1120 (corporate)	Yes	<a href="http://www.irs.gov">www.irs.gov</a>
Internal Revenue Service	Payroll Tax	Taxes paid on behalf of and collected from employees. Generally, employer pays 7.65% of employee's wages in payroll taxes. They also collect that amount plus withholding from employees and remit to the IRS..	Paid per payroll / Reports filed quarterly	Form 941, FICA, Medicare, Withholding, OASDI	Yes	<a href="http://www.irs.gov">www.irs.gov</a>



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Taxing Authority	Tax Type	Description	Monthly / Quarterly / Annually	Report Number / Nicknames for Tax	Expense to Business?	Website
Arkansas Secretary of State	Franchise Tax	The Secretary of State collects an annual fee on business entities. For LLC's the fee is \$200 a year.	Paid annually by May 1	Franchise	Yes	<a href="https://www.sos.arkansas.gov/business-commercial-services-bcs/franchise-tax-report-forms/">https://www.sos.arkansas.gov/business-commercial-services-bcs/franchise-tax-report-forms/</a>
Arkansas Department of Finance and Administration	Sales Tax	Tax collected from your customers and remitted to the state. The state then splits between the state and appropriate county and city. Usually 9.5%.	Paid monthly (possibly quarterly if low volume) through ATAP (Arkansas Taxpayer Access Point)	Sales Tax, Sales & Use Tax	No	<a href="https://atap.arkansas.gov/">https://atap.arkansas.gov/ /</a>
Arkansas Department of Finance and Administration	Income Tax	Tax on your income (personal and business). 2 - 5.5% for individual; 1 - 5.9% for corporations	Filed annually, estimates paid quarterly	State Income Tax, SIT	Yes	<a href="https://atap.arkansas.gov/">https://atap.arkansas.gov/ /</a>
Arkansas Department of Finance and Administration	Withholding Tax	Tax withheld from your employee's wages for their state income tax.	Paid and filed monthly	State Withholding	No	<a href="https://atap.arkansas.gov/">https://atap.arkansas.gov/ /</a>

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Taxing Authority	Tax Type	Description	Monthly / Quarterly / Annually	Report Number / Nicknames for Tax	Expense to Business?	Website
Washington County Assessor / Collector	Business Personal Property Tax	Tax on assets, including inventory held for sale as of January 1. Assessed at 20% of market value (e.g. \$10,000 of inventory is assessed at \$2,000) and taxed at a “millage” rate of 51.8 (2,000 / 1,000 = 2 time 60.96 = \$104 in tax)	File and paid annually. Must submit “rendition” (list of assets) between January 1 and May 31 each year.	Property Tax	Yes	<a href="https://www.washingtoncountyar.gov/government/departments-a-e/assessor/personal-property-assessments">https://www.washingtoncountyar.gov/government/departments-a-e/assessor/personal-property-assessments</a>
Benton County Assessor / Collector	Business Personal Property Tax	Tax on assets, including inventory held for sale as of January 1. Assessed at 20% of market value (e.g. \$10,000 of inventory is assessed at \$2,000) and taxed at a “millage” rate of 60.96 (2,000 / 1,000 = 2 time 60.96 = \$121 in tax)	Must submit “rendition” (list of assets) between January 1 and May 31 each year.	Property Tax	Yes	<a href="https://bentoncountyar.gov/assessor">https://bentoncountyar.gov/assessor</a>
Rogers Business License	Business License	Fees vary depending on type of business. Usually less than \$100.	Annual		Yes	<a href="https://www.rogersar.gov/1039/Business-License">https://www.rogersar.gov/1039/Business-License</a>
Springdale Business License	Business License	Fees vary depending on type of business. Usually less than \$100.	Annual		Yes	<a href="https://www.springdalear.gov/230/Business-License-Application">https://www.springdalear.gov/230/Business-License-Application</a>



## Small Business Taxes

**Payroll taxes:** There is no reason to manage these yourself. (I even left off two other payroll taxes-- the Federal and State Unemployment taxes called FUTA and SUTA.) **Use a payroll service** that will compute your payroll, send the direct deposits to employees, and pay and file all payroll taxes. I recommend Gusto.com. It costs about \$50 per month plus \$7 / employee per payroll. They take care of everything and the costs are more than offset by your time and potential penalties of missing a payroll tax deposit.

**Income Tax:** **You MUST file an annual tax return with the IRS and the state even if you have no activity or revenue.** I recommend getting some assistance with these taxes because the forms are long and confusing.

**Taxes are mandatory and the penalties can be VERY EXPENSIVE.**

**In order of importance and cost of non-compliance are:**

- **Payroll Taxes**
- **Sales Taxes**
- **Income Taxes**
- **Franchise Tax**
- **Personal Property Taxes**