

Basic Tax Information

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Wurk is not a tax advisor and does not provide tax advice. Please consult a tax professional for any tax advice. The purpose of this article is to provide an explanation of what is located in the pay statement and how to understand what might affect a change in a tax rate. If you have further questions, please go directly to the state or federal website, or contact supprt@enjoywurk.com to make the necessary changes.

1. The Pay Statement

The Pay statement contains all deductions, earnings, and taxes, as well as some additional information. This article will just focus on tax information. **Please note the changes that occur to Medicare, Social Security, and Federal Unemployment Tax once a threshold is reached.** To start, here are the taxes that can be included on a pay statement:

Federal Income Tax (FIT)	Federal Income Tax is calculated based on the progressive rate table provided by the IRS for the appropriate tax year in Publication 15-T which can be located at IRS.gov . Employees can submit a W-4 within the system to lower their tax liability through deductions and or dependents and also have the ability to schedule additional amounts or percentages of pay to come out regularly. FIT does not have an employer portion and is only an employee tax.
Medicare (MEDI)	Medicare is both an employee (EE) and employer (ER) tax. Both EE and ER taxes are calculated at the rate of 1.45% on an employee's first \$200,000.00 in wages. After \$200,000.00 the EE rate increases to 2.35% and the ER rate remains at 1.45%. There is no limit to Medicare taxes.
Social Security (FICA)	Social Security is calculated at a rate of 6.2% and caps at \$160,200 (for 2023) making the EE and ER max liability \$9,932.00 . The tax stops calculating after this point. This limit generally increases yearly and can be located at IRS.gov .
Federal Unemployment Tax Act (FUTA)	This is an ER tax only. Employers pay at a rate of 6% on an employee's first \$7000.00 making a max tax liability of \$420.00 . FUTA has a related tax at the state level (State Unemployment Tax: SUTA)

State Unemployment Tax Act (SUTA or SUI)	Sometimes referred to as State Unemployment Insurance or SUI taxes, each state has its own rate and limit and is generally a higher limit than its FUTA counterpart. Please reach out to the state agencies to determine what your SUTA rate is in a given state. The rate is generally based on several factors but can include the industry and the length of time your business has been in operation. As with FUTA, this is an ER tax only.
State Income Tax (SIT)	Like FIT, State Income Tax is calculated on a progressive scale in most states and the liability can be decreased based on the number of dependents and or deductions being assigned through the state version of the W-4. Nine states have no income tax including Alaska, Florida, New Hampshire, South Dakota, Tennessee, Texas, Washington, Nevada, and Wyoming. SIT is an EE only tax and does not have an ER component.
Local Taxes	These taxes depend on the jurisdiction that an employee lives in and works in. We cannot provide a complete overview of all localities; however, employees are generally aware of the local taxes that they should be paying. The Würk system uses the employee's home address and a tax location cost center in order to determine which taxes an employee is required to pay.

2. 2023 State Tax limits

The below table is from the American Payroll Association and was last updated on 10/24/2022. The table will be updated once they have a completed 2023 report. In order for taxes to be paid on behalf of an employee, companies are required to be registered in the state. This information can be located here: [State Unemployment Wage Bases | APA \(americanpayroll.org\)](#)

Please consult individual tax websites for state specifics.