

4.2: Business Tax Information

Learn about business taxes and incentives.

What's on This Page

- Business Taxes
- Energy Tax Incentives
- Estimated Taxes

Business Taxes

As a business owner, it's important to understand your federal, state, and local tax requirements. This will help you file your taxes accurately and make payments on time. The [business structure](#) you choose when [starting a business](#) will determine what taxes you must pay and how you pay them.

Business taxes cover a wide range of categories:

Income Tax

All businesses, except partnerships, must [file and pay taxes on any income](#) earned or received during the year. Partnerships file an [annual information return](#) to report income, gains, losses, and other important tax information. Almost every state imposes a business or corporate income tax, though each state and locality has its own tax laws. Find out the business income tax requirements in your state or territory.

Employment Taxes

If you have employees, there are federal tax requirements for what you must pay and the forms you have to file. These employment taxes include Social Security and Medicare taxes, federal income tax withholding, and federal unemployment (FUTA) tax. In all states, businesses must pay state workers' compensation insurance and unemployment insurance taxes.

Excise Tax

The federal government taxes businesses that manufacture or sell certain products. You may also have to pay this tax in other situations, including if your business uses various types of equipment, facilities, or other products. [Learn about federal excise tax requirements and the forms you must file.](#)

Property Tax

Each of the 50 states have different definitions of what property is taxable. Some states collect property tax from businesses in commercial real estate locations. Certain states also collect property tax for business assets, such as vehicles, computer equipment, and peripherals. The amount of tax you pay is calculated by the total value of the property or on a certain percentage of the value. [Search for property tax requirements in your state.](#)

Sales and Use Tax

States may impose a tax on the sale of goods and services. Check whether your business has to register to pay and/or collect sales tax in your state. Exclusions in sales tax often include food, clothing, medicine, newspapers, and utilities.

States may also tax your business on the use of goods and services when sales tax has not been collected. This typically applies to goods and services purchased outside of the state where you conduct business.

Estimated Tax

You must pay federal tax on income that is not subject to withholding or when the amount of your federal income tax being withheld is not enough. Find out if your business has to pay estimated taxes and the steps to follow.

Self-Employment Tax

When conducting your own business, you must pay Social Security and Medicare taxes to be covered under the Social Security system. [Learn about who must pay self-employment tax and how to pay it.](#)

Energy Tax Incentives

Purchasing energy efficient appliances or making energy saving improvements to your home or business can save money, in the form of tax incentives (tax credits and rebates) or sales tax holidays. Tax credits can help reduce the amount of tax you owe, while rebates can lead to cash back from your purchase.

Find out if you qualify for state, local, utility, and federal incentives:

- [Database of State Incentives for Renewables and Efficiency \(DSIRE\)](#) – Explore incentives and policies in your state that support renewable energy and energy efficiency.
- Department of Energy (DOE): Tax Credits, Rebates, and Savings – Select your state to find savings that may be available for you or your business in your state.
- [Offers and Rebates from Energy Star Partners](#) – Search for rebates on certified energy-efficient products and other special offers in your area.
- Residential Renewal Energy Tax Credit – Qualify for tax credits for buying a solar-electric or solar water-heating property for your home.
- [Sales tax holidays](#)– Find out if your state offers a sales tax holiday for buying energy efficient appliances.

Estimated Taxes

Estimated tax is the method used to pay taxes on income that is not subject to withholding. This includes income from self-employment, interest, and dividends. You may also have to [pay estimated tax](#) if the amount of income tax being withheld from your salary, pension, or other income is not enough.

Who Has to Pay Estimated Taxes?

Individuals who conduct their own business typically have to make estimated tax payments. You may be charged a penalty if you do not pay enough through withholding or estimated tax payments.

[Find out if you have to make estimated tax payments and how to pay.](#)

When Are Estimated Taxes Due?

The year is divided into four periods to pay estimated tax. Each period has a specific payment deadline.

These are the 2017 Estimated Federal Tax due dates:

- April 18
- June 15
- Sept. 15
- Jan. 16 of the next year

Contributors and Attributions

CC licensed content, Shared previously

- **Authored by:** USA.gov. **Located at:** www.usa.gov/business-taxes. **License:** *Public Domain: No Known Copyright*

This page titled [4.2: Business Tax Information](#) is shared under a [Public Domain](#) license and was authored, remixed, and/or curated by [Lumen Learning](#).