

## Employer Taxes on Employee Wages 2016

For the year 2016 estimated employer portion of payroll taxes are as follows:

FICA	6.2% of the first \$118,500
Medicare	1.45% on all earnings
Fed. Unemployment (FUTA)	6% of the first \$7000 <sup>1</sup>
<u>Estimated</u> Workers Comp.	3.0% <sup>2</sup>
N.M. Unemployment (SUTA)	the greater of the industry average or 1% of the first \$24,100 for new employers: reevaluated after 2 years. <sup>3</sup>
NM Workers Comp Assessment	\$2.30 per quarter (Employer responsible for \$2.30 and \$2 is usually withheld from employee wages)

<sup>1</sup> Generally, employers may receive a credit of 5.4% when they file their [Form 940](#) (PDF), Employer's Annual Federal Unemployment (FUTA) Tax Return, to result in a net FUTA tax rate of 0.6% (6.0% - 5.4% = 0.6%).  
<https://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/FUTA-Credit-Reduction>

<sup>2</sup> 3.0% that is shown above for Workers Comp is an average of what the insurance costs for businesses that have a low claims history. Each job classification has a rating factor based on the hazard of the job. Also, this rate will vary depending on the claims history of the business.  
<http://www.workerscomp.state.nm.us/>

<sup>3</sup> New Mexico Unemployment tax calculation changed in tax year 2015. Now, based on the industry average published by the NM Department of Workforce Solutions, employers must withhold the greater of their industry average or 1% of the first \$24,100 in employee wages.  
[http://www.dws.state.nm.us/Portals/0/DM/UI/Employer\\_Rate\\_Flyer10032015\\_final.pdf](http://www.dws.state.nm.us/Portals/0/DM/UI/Employer_Rate_Flyer10032015_final.pdf)