

# Employers Tax Guide Oklahoma



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### Contents

What's New	1
Reminders	2
Calendar	3
Introduction	11
1. Employer Identification Number (EIN)	12
2. Who Are Employees?	12
3. Family Employees	15
4. Employee's Social Security Number (SSAN)	15
5. Wages and Other Compensation	17
6. Tips	21
7. Supplemental Wages	22
8. Payroll Period	23
9. Withholding From Employees' Wages	24
10. Required Notice to Employees About the Earned Income Credit (EIC)	28
11. Depositing Taxes	30
12. Filing Form 941, Form 943, Form 944, or Form 945	35
13. Reporting Adjustments to Forms 941, Form 943, or Form 944	39
14. Federal Unemployment (FUTA) Tax	42
15. Special Rules for Various Types of Services and Payments	48
16. Third-Party Payer Arrangements	51
17. Federal Agency Certifying Requirements of Federal Income Taxes Withheld From U.S. Government Employees Working in, or Federal Pension Recipients Residing in, American Samoa, the CNMI, and Guam	52
How To Get Tax Help	54
Index	57

### Future Developments

For the latest information about developments related to Pub. 15, such as legislation enacted after it was published, go to [irs.gov/pub15](https://irs.gov/pub15).

### What's New

Pub. 15 is now for all employers. Pub. 15 can now be used by all employers, including agricultural employers and employers in the U.S. territories. Pub. 51, Agricultural

## employers tax guide oklahoma

**employers tax guide oklahoma** is a crucial resource for any business operating within the Sooner State. Understanding your obligations as an employer in Oklahoma regarding various taxes is fundamental to maintaining compliance, avoiding penalties, and ensuring the smooth operation of your business. This comprehensive guide will delve into the key employer tax responsibilities in Oklahoma, covering everything from withholding and reporting to unemployment taxes and specific industry considerations. Whether you are a new business owner or an established entity looking to ensure your tax practices are up-to-date, this employers tax guide oklahoma will provide the clarity and information you need. We will explore federal and state withholding requirements, Oklahoma income tax, social security and Medicare contributions, federal unemployment tax (FUTA), Oklahoma unemployment tax (OESC), and other important tax-related duties.

- Understanding Oklahoma Employer Tax Obligations
- Federal Employer Tax Responsibilities

- Oklahoma State Income Tax Withholding
- Social Security and Medicare Taxes
- Federal Unemployment Tax Act (FUTA)
- Oklahoma Employment Security Commission (OESC) Taxes
- Reporting and Filing Requirements
- Record Keeping Best Practices
- Common Employer Tax Pitfalls to Avoid
- Resources for Oklahoma Employers

## **Understanding Oklahoma Employer Tax Obligations**

As an employer in Oklahoma, you are responsible for a complex web of tax obligations that stem from both federal and state laws. These responsibilities are designed to fund essential government services, including social security benefits, Medicare, unemployment insurance, and public infrastructure. Navigating these requirements accurately is paramount for any business to operate legally and efficiently. This section will provide a foundational overview of what it means to be an employer with tax duties in Oklahoma, setting the stage for a deeper dive into specific tax types.

The core of an employer's tax responsibility involves withholding specific amounts from employee wages and remitting these funds, along with employer contributions, to the appropriate government agencies. This includes income taxes, social security, and Medicare. Failure to comply can result not only in financial penalties and interest but also damage to your business's reputation. Therefore, a thorough understanding of the Oklahoma employers tax guide is not just about compliance; it's about responsible business management.

Furthermore, employers are also subject to unemployment taxes, which fund programs designed to support individuals who have lost their jobs. These taxes are calculated based on payroll and are critical for maintaining a stable workforce and economy. This guide aims to demystify these processes, providing clear insights for businesses operating in Oklahoma.

# Federal Employer Tax Responsibilities

Before diving into Oklahoma-specific taxes, it's crucial to understand the overarching federal tax obligations that apply to virtually all employers in the United States, including those in Oklahoma. These federal taxes form the backbone of the national social insurance system and are administered by the Internal Revenue Service (IRS).

## Federal Income Tax Withholding

As an employer, you are legally required to withhold federal income tax from your employees' wages. The amount to be withheld depends on the employee's W-4 form, which indicates their filing status, number of dependents, and any additional withholding preferences. Employers must remit these withheld taxes to the IRS on a regular schedule, typically either monthly or semi-weekly, depending on the total tax liability. Accurate withholding ensures that employees meet their tax obligations throughout the year, preventing large, unexpected tax bills at the end of the tax season.

## Social Security and Medicare Taxes (FICA)

The Federal Insurance Contributions Act (FICA) mandates the collection of taxes for Social Security and Medicare. These are often referred to as payroll taxes. As an employer, you are responsible for withholding half of these taxes from your employees' wages and paying the other half yourself. For Social Security, there is an annual wage base limit; income above this limit is not subject to Social Security tax. Medicare tax, however, does not have an income limit.

The current FICA tax rates are as follows:

- **Social Security Tax:** 6.2% withheld from the employee and 6.2% paid by the employer, up to the annual wage base limit.
- **Medicare Tax:** 1.45% withheld from the employee and 1.45% paid by the employer, with no wage base limit.
- **Additional Medicare Tax:** Employees earning over a certain threshold pay an additional 0.9% Medicare tax, which is not matched by the employer.

## Federal Unemployment Tax Act (FUTA)

The Federal Unemployment Tax Act (FUTA) imposes a tax on employers to fund state unemployment compensation programs. The FUTA tax rate is generally 6.0% on the first \$7,000 of wages paid to each employee annually. However, employers can receive a credit of up to 5.4% if they pay their state unemployment taxes on time. This effectively reduces the net FUTA tax rate to 0.6%, or \$42 per employee, per year, assuming full credit is taken.

FUTA taxes are typically paid quarterly to the IRS. This tax is solely the responsibility of the employer; it is not withheld from employee wages. Understanding FUTA is a vital part of any employers tax guide oklahoma.

## Oklahoma State Income Tax Withholding

In addition to federal income tax, employers in Oklahoma must also withhold state income tax from their employees' wages. The Oklahoma Tax Commission (OTC) oversees state tax collection. The amount of state income tax to be withheld is determined by information provided by the employee on the Oklahoma Withholding Tax form (Form OK-W-4). This form is similar in principle to the federal W-4, allowing employees to declare their filing status, number of allowances, and any additional withholding they wish to have taken.

Oklahoma uses a graduated tax system, meaning tax rates increase as income increases. Employers must stay current with the latest tax rate schedules and withholding allowances published by the OTC to ensure accurate calculations. The withheld Oklahoma income tax must be remitted to the Oklahoma Tax Commission on a periodic basis, usually monthly or quarterly, depending on the employer's total state tax liability.

## Calculating Oklahoma State Income Tax

The calculation of Oklahoma state income tax withholding involves several steps. Employers will need to refer to the official withholding tables and instructions provided by the Oklahoma Tax Commission. These tables are based on the employee's gross wages, pay period frequency, and the number of allowances claimed on their Form OK-W-4.

Key factors in the calculation include:

- Gross wages for the pay period.
- The employee's filing status (single, married filing jointly, head of

household).

- The number of allowances claimed.
- Any additional withholding amount specified by the employee.

It is imperative for employers to use the most current withholding tables issued by the OTC, as these are updated periodically to reflect changes in tax laws and economic conditions.

## **Social Security and Medicare Taxes**

As mentioned in the federal responsibilities, Social Security and Medicare taxes are a significant part of an employer's payroll obligations. These are levied on both the employee and the employer. The rates are fixed by federal law, and employers act as collectors for the employee's portion. It is critical to track employee wages carefully, especially concerning the Social Security wage base limit, which changes annually.

Employers must deposit these withheld taxes, along with their own matching contributions, to the IRS. Failure to do so promptly can result in substantial penalties and interest. This part of the employers tax guide oklahoma emphasizes the importance of timely and accurate remittance.

## **Wage Base Limits and Tax Rates**

For the current tax year, the Social Security wage base limit is a specific amount, and any earnings above this amount are not subject to Social Security tax. The Medicare tax, however, applies to all earnings. Employers must be vigilant in tracking an employee's year-to-date wages to ensure they do not over-withhold Social Security tax once the wage base limit is reached.

The breakdown of FICA taxes is:

- Social Security: 12.4% total (6.2% employee, 6.2% employer)
- Medicare: 2.9% total (1.45% employee, 1.45% employer)

Remember that the additional Medicare tax of 0.9% is only on the employee and applies to wages above certain thresholds.

# **Federal Unemployment Tax Act (FUTA)**

The FUTA tax is an employer-paid tax that provides funds for unemployment benefits to workers who lose their jobs through no fault of their own. In Oklahoma, like all states, employers are subject to FUTA. The standard FUTA tax rate is 6.0% on the first \$7,000 of wages paid to each employee during the year. However, employers who pay their state unemployment taxes on time are eligible for a credit of up to 5.4% against their FUTA liability, reducing the net FUTA tax to 0.6%.

This 0.6% is paid to the IRS. The tax year is divided into four calendar quarters, and employers are required to deposit their FUTA taxes by the last day of the month following the end of each quarter if their liability for the quarter exceeds \$500. If the total annual FUTA tax is \$500 or less, it can be paid in one lump sum by January 31st of the following year.

## **FUTA Filing and Deposits**

Employers must file an annual FUTA tax return, Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return. This form is due by January 31st of the year following the tax year. Even if an employer has no FUTA tax liability for the year, they may still need to file Form 940 if they paid wages of \$1,500 or more during the year, or if they paid wages to an employee for any part of a day in any of 20 or more separate weeks during the year.

Proper record-keeping is essential for accurately calculating and reporting FUTA taxes. This includes tracking wages paid to each employee and ensuring timely deposits are made.

## **Oklahoma Employment Security Commission (OESC) Taxes**

In addition to federal unemployment taxes, employers in Oklahoma are also subject to state unemployment taxes administered by the Oklahoma Employment Security Commission (OESC). These taxes fund the unemployment insurance program for the state, providing benefits to eligible unemployed workers in Oklahoma. The OESC tax rate is determined annually for each employer based on their employment history and the state's unemployment experience.

New employers in Oklahoma are typically assigned an initial tax rate. After a few years of experience, their rate will be adjusted based on their unemployment benefit charges and the overall state unemployment experience. This experience rating system incentivizes employers to maintain stable

workforces and minimize layoffs, as higher unemployment benefit charges can lead to increased tax rates.

## **OESC Tax Rates and Experience Rating**

Oklahoma's unemployment tax rates can vary significantly from one employer to another. The OESC calculates these rates using a formula that considers the employer's reserve ratio (the difference between contributions and benefits charged) and the state's average benefit wage ratio. Employers can often find information on their specific tax rate and how it is calculated on the OESC's website or through official correspondence.

Understanding your OESC tax rate is vital. A lower rate means lower payroll costs, making it a key factor in managing labor expenses. Businesses are encouraged to monitor their experience rating and take steps to maintain it favorably, such as implementing effective employee retention strategies.

## **Reporting and Paying OESC Taxes**

Employers are required to file quarterly reports and pay their OESC taxes electronically through the OESC's online portal. These reports detail wages paid to each employee during the quarter and the corresponding unemployment tax liability. Timely and accurate filing and payment are crucial to avoid penalties and interest charges.

The OESC provides detailed instructions and support for employers regarding their reporting and payment obligations. Familiarizing yourself with these procedures is a critical part of managing your Oklahoma employers tax guide obligations.

## **Reporting and Filing Requirements**

Accurate and timely reporting and filing are cornerstones of employer tax compliance. Both federal and state tax agencies require employers to submit various forms and taxes on a regular basis. Understanding these requirements helps prevent costly errors and penalties.

## **Federal Tax Forms and Deadlines**

Key federal tax forms that employers in Oklahoma must be aware of include:

- **Form 941, Employer's Quarterly Federal Tax Return:** This form is used to report federal income tax withheld and both the employer and employee portions of Social Security and Medicare taxes. It is filed quarterly, with deadlines typically being the last day of the month following the end of the quarter (e.g., April 30 for the first quarter).
- **Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return:** As discussed, this annual return reports FUTA taxes and is due by January 31st of the following year.
- **Form W-2, Wage and Tax Statement:** This form reports an employee's annual wages and the amount of taxes withheld. Employers must provide a copy to each employee by January 31st and to the Social Security Administration (SSA) by February 28th (or March 31st if filing electronically).
- **Form W-3, Transmittal of Wage and Tax Statements:** This form summarizes the information from all W-2 forms issued by the employer and is filed with the SSA along with copies of the W-2s.

Failure to meet these deadlines or accurately complete these forms can result in significant penalties from the IRS.

## Oklahoma State Tax Forms and Deadlines

Similarly, Oklahoma employers have state-specific reporting and filing obligations. The Oklahoma Tax Commission (OTC) requires regular reporting and payment of state income tax withheld. While the specifics can vary based on the employer's total state tax liability, common requirements include:

- **Withholding Tax Reports:** These reports are typically filed monthly or quarterly with the OTC, detailing the state income tax withheld from employee wages.
- **Annual Reconciliation Forms:** Employers will also need to file an annual reconciliation, often similar in concept to the federal W-2 and W-3, to summarize all state withholding for the year.
- **Oklahoma Employment Security Commission (OESC) Reports:** Quarterly wage and tax reports are filed with the OESC, detailing all wages paid to employees and the corresponding unemployment taxes due.

It is essential for employers to consult the official publications and websites of the IRS, OTC, and OESC for the most current forms, filing methods, and deadlines. Staying informed is key to navigating the Oklahoma employers tax guide effectively.



# Record Keeping Best Practices

Maintaining meticulous records is not just a good business practice; it's a legal requirement for employers, especially when it comes to taxes. Proper record-keeping ensures that you can accurately report wages, withholdings, and tax payments, and it provides essential documentation in the event of an audit or inquiry from tax authorities.

When it comes to an employers tax guide oklahoma, robust record-keeping is your first line of defense and your most valuable tool for demonstrating compliance. This includes keeping records for all employees, even those who are no longer employed by you.

## Essential Records to Maintain

Employers should maintain the following types of records:

- **Employee Information:** Copies of completed Form W-4 (Federal) and Form OK-W-4 (State), employee addresses, Social Security numbers, and dates of employment.
- **Payroll Records:** Detailed records of gross wages paid, amounts withheld for federal income tax, state income tax, Social Security, Medicare, and any other deductions. This should include dates of payment.
- **Tax Deposit Records:** Proof of all federal and state tax deposits made, including dates and amounts.
- **Unemployment Tax Records:** Records of wages paid for unemployment tax purposes, both federal (FUTA) and state (OESC), and copies of all tax returns filed.
- **Business Records:** General business records that support your tax filings, such as bank statements, ledgers, and receipts.

The IRS generally requires employers to keep employment tax records for at least four years after the date the tax becomes due or is paid, whichever is later. State requirements may also apply, and it's wise to err on the side of keeping records for a longer period if there's any doubt.

## Common Employer Tax Pitfalls to Avoid

Navigating the complexities of payroll taxes can be challenging, and many

employers, particularly small businesses, fall into common traps that can lead to penalties and issues with tax authorities. Being aware of these pitfalls is crucial for any business operating under an employers tax guide oklahoma.

## **Misclassifying Workers**

One of the most significant and common errors is misclassifying employees as independent contractors. When you misclassify an employee, you fail to withhold and pay employment taxes, including FICA and unemployment taxes, and you may also be denying the worker benefits and protections they are entitled to. Both the IRS and the OESC have strict guidelines for determining employee versus independent contractor status. Incorrect classification can result in back taxes, penalties, and interest for all years of misclassification.

## **Late Deposits and Filings**

Missing deadlines for tax deposits or filings is a frequent mistake. Tax agencies impose penalties and interest on late payments and late filings. For payroll taxes, the deposit schedule is often tied to the amount of tax liability, and failing to deposit on time can trigger more severe penalties. It's essential to establish a reliable payroll system that ensures timely remittances.

## **Inaccurate Withholding Calculations**

Errors in calculating federal or state income tax withholding, or incorrect reporting of Social Security and Medicare taxes, can lead to underpayment or overpayment of taxes. This can cause problems for both the employer and the employee. Regularly updating withholding tables and ensuring payroll staff are properly trained is critical.

## **Failure to Keep Adequate Records**

As previously discussed, inadequate record-keeping can make it difficult, if not impossible, to prove compliance during an audit. This can result in the tax agency making arbitrary assessments, which are often unfavorable to the employer.

# Not Staying Updated with Tax Law Changes

Tax laws and regulations are subject to change. Failure to stay informed about updates to tax rates, wage base limits, or reporting requirements can lead to non-compliance. Employers must proactively seek out information from reliable sources, such as government agency websites and professional advisors.

## Resources for Oklahoma Employers

Navigating the intricacies of employer taxes in Oklahoma can be a significant undertaking. Fortunately, several valuable resources are available to help employers understand and meet their obligations. These resources can provide guidance, forms, and support to ensure compliance with federal and state tax laws.

### Federal Resources

The Internal Revenue Service (IRS) is the primary source for federal tax information. Key resources include:

- **IRS.gov:** The official website for the IRS, offering publications, forms, tax law guidance, and tools for employers.
- **Publication 15, Employer's Tax Guide:** This comprehensive publication covers all aspects of federal employment taxes.
- **Publication 926, Employment Taxes for Household Employees:** If applicable, this guide is essential.
- **IRS Taxpayer Advocate Service:** Provides assistance to taxpayers who are experiencing economic hardship or who have unresolved issues with the IRS.

### Oklahoma State Resources

For state-specific tax matters in Oklahoma, employers should consult:

- **Oklahoma Tax Commission (OTC):** The OTC's website provides forms, publications, tax rate schedules, and online filing options for state income tax withholding.

- **Oklahoma Employment Security Commission (OESC):** The OESC's website is the go-to resource for information on unemployment taxes, including tax rates, reporting requirements, and online filing through their employer portal.
- **Oklahoma Department of Commerce:** While not directly a tax agency, this department may offer resources or programs that assist businesses with various operational aspects, which could indirectly relate to tax compliance or workforce management.

Additionally, consider consulting with a qualified tax professional or payroll service provider. They can offer expert advice tailored to your specific business needs and ensure accurate and timely compliance with all applicable employer tax requirements in Oklahoma.

## **Frequently Asked Questions**

### **What are the primary employer responsibilities regarding Oklahoma income tax withholding?**

Employers in Oklahoma are responsible for withholding state income tax from employee wages based on submitted withholding certificates, remitting these withholdings to the Oklahoma Tax Commission by designated deadlines, and filing annual withholding tax returns and employee wage statements (Form W-2) with both the state and the Social Security Administration.

### **Where can employers find the most up-to-date information and forms for Oklahoma employer taxes?**

The official Oklahoma Tax Commission (OTC) website is the primary resource for all employer tax information. Employers can find updated guides, forms, filing instructions, and details on tax rates and deadlines there.

### **How does Oklahoma's unemployment tax system (SUTA) work for employers?**

Oklahoma employers are subject to State Unemployment Tax Act (SUTA) contributions, which fund the state's unemployment insurance program. The contribution rate is typically experience-based, meaning it can vary depending on the employer's history of unemployment claims. New employers usually start at a standard rate.

## **Are there specific registration requirements for new employers in Oklahoma?**

Yes, new employers in Oklahoma must register with the Oklahoma Tax Commission and obtain an employer identification number (EIN) if they don't already have one from the IRS. This registration is crucial for fulfilling withholding and unemployment tax obligations.

## **What are the common deadlines for Oklahoma employer tax payments and filings?**

Quarterly withholding tax payments and returns are typically due on the last day of the month following the end of each calendar quarter (e.g., April 30 for Q1). Annual reconciliation forms are usually due on January 31st of the following year. Unemployment tax payments often follow a similar quarterly schedule. It's essential to verify the exact deadlines on the OTC website.

## **Can employers electronically file their Oklahoma tax returns?**

Yes, the Oklahoma Tax Commission strongly encourages electronic filing and payment. They offer online portals and software options that streamline the filing process, reduce errors, and ensure timely submission for most employer tax obligations.

## **What are the penalties for failing to comply with Oklahoma employer tax requirements?**

Penalties for non-compliance with Oklahoma employer tax laws can include interest on underpayments, failure-to-file penalties, and failure-to-pay penalties. The specific amounts and application of these penalties are detailed in the Oklahoma Tax Commission's regulations and guides.

## **Additional Resources**

Here are 9 book titles related to employers' tax guide in Oklahoma, formatted as requested:

### **1. *Oklahoma Employer's Tax Handbook: Navigating State Withholding and Unemployment***

This comprehensive guide details the intricacies of Oklahoma's employer tax obligations. It covers state income tax withholding requirements, including necessary forms and filing procedures. Furthermore, it thoroughly explains unemployment insurance taxes, contribution rates, and reporting. Understanding these core elements is crucial for any employer operating within the state.

2. *Your Essential Guide to Oklahoma Business Taxes: From Payroll to Property*  
This book offers a broad overview of taxation for Oklahoma businesses, with a significant focus on employer responsibilities. It breaks down payroll tax essentials, ensuring compliance with state and federal mandates. Beyond employment taxes, it touches upon other relevant business taxes like sales, use, and property taxes, providing a holistic financial perspective.

3. *Oklahoma Payroll Compliance: A Practical Guide for Employers*  
Designed for busy employers, this practical guide simplifies Oklahoma's complex payroll tax landscape. It walks through setting up payroll, calculating withholdings, and remitting taxes accurately and on time. The book emphasizes common pitfalls and provides strategies to avoid penalties and ensure smooth operations.

4. *Understanding Oklahoma Unemployment Tax: Rates, Reporting, and Responsibilities*  
This specialized volume zeroes in on Oklahoma's unemployment tax system for employers. It clarifies the different tax rates, factors influencing them, and how to manage them effectively. The guide provides step-by-step instructions for reporting wages and new hires, crucial for maintaining good standing with the Oklahoma Employment Security Commission.

5. *Navigating Oklahoma Tax Laws for Small Businesses: An Employer's Perspective*  
Tailored for small business owners in Oklahoma, this book addresses their specific tax challenges, particularly regarding employment. It demystifies state income tax withholding and explains the employer's role in contributing to unemployment insurance. The guide aims to empower small business owners with the knowledge to manage their tax obligations efficiently.

6. *Oklahoma Employment Tax Filings: A Step-by-Step Manual for Businesses*  
This manual offers a clear, actionable approach to Oklahoma employment tax filings. It provides detailed, sequential instructions for completing and submitting required state tax forms. The book ensures employers understand the deadlines and documentation needed for accurate reporting of wages and taxes.

7. *Oklahoma Employer Tax Law: Key Provisions for Compliance and Best Practices*  
This resource delves into the specific laws governing employer taxes in Oklahoma. It highlights key provisions related to withholding, unemployment contributions, and related reporting requirements. The book also offers insights into best practices for maintaining compliance and optimizing tax management.

8. *The Oklahoma Employer's Handbook on Withholding and Reporting Obligations*  
This handbook serves as a central resource for Oklahoma employers concerning withholding and reporting duties. It clarifies the mechanics of state income tax withholding, including what constitutes taxable wages. The book also provides essential information on the frequency and methods of reporting these taxes to the state.

## 9. *Oklahoma Business Taxation: Essential Knowledge for Employers and Their Accountants*

This book is designed for both employers and accounting professionals working with businesses in Oklahoma. It provides a thorough grounding in the state's tax system, with a dedicated section on employer-specific obligations. The content covers payroll taxes, unemployment insurance, and other relevant tax considerations crucial for accurate business management.

Employers Tax Guide Oklahoma

[Back to Home](#)