

If you plan to start a business with employees or are currently operating a business with employees, you need to know your tax responsibilities as an employer.

- **Employer Identification Number (EIN)**

If you have employees you are required to give tax statements to these employees and report employment taxes. You will need an EIN. See <http://www.irs.gov/businesses/small/article/0,,id=98350,00.html>

- **Who Are Employees?**

A general rule is that anyone who performs services for you is your employee if you can control what will be done and how it will be done.

- **Hiring Employees**

You must verify that each new employee is legally eligible to work in American Samoa (for further questions, please refer to the Immigration Office at 633-4203). Have the employees you hire fill out Form W-4, Employee's Withholding Allowance Certificate. You are required to get each employee's name, Social Security Number (SSN) and enter them on Form W-2.

- **Employment Taxes**

You are responsible for withholding certain taxes from your employees' pay checks. Employment taxes include:

- **American Samoa Income Tax**

You must generally withhold income tax from your employee wages. American Samoa law requires you to withhold a minimum of 4% of employee earnings for income tax. If you employ non-resident aliens, 30% withholding is required. The amount withheld is according to the employee's Form W-4 and the withholding rate. Withholding tax tables are available at the ASG Tax Office and IRS Circular E for the year 2000. Report local income taxes on Form 369 American Samoa Employer's Quarterly Tax Return.

- **Social Security and Medicare Tax**

Social Security and Medicare taxes pay for benefits that workers and families receive under the Federal Insurance Contributions Act (FICA). You withhold part of these taxes from your employee's wages and you pay a matching amount yourself. This is reported on Form 941SS, Employer's Quarterly Federal Tax Return and filed with the IRS.

- **Depositing Taxes**

You must deposit American Samoa income tax withholding by mailing or delivering a check, money order, or cash to the ASG Tax Office. Employee social security and Medicare taxes are also mailed, delivered by check, money order or cash to a financial institution that is an authorized depository for Federal taxes. Some taxpayers are required to use the Electronic Federal Tax Deposit System (EFTPS).

- **Important Items to Remember**

1. Furnish each employee a completed W-2 by January 31st.
2. All employee W-2s and 1099s are filed with the ASG Tax Office no later than February 28th. There is a penalty of \$50 per form for late filing.
3. All employees must have a SSN listed or the employer will be charged a \$50 penalty fee for each missing SSN.
4. Form 369 Employer's Quarterly Tax Return must be filed at the end of every quarter. Employers with withholding taxes greater than \$1000 must make deposits after every pay period.

Please call Customer Service at the ASG Tax Office if you have any questions: 633-4181