

Starting a payroll? Here are a few things you need to do.

This employment checklist provides a brief summary of your basic employment tax responsibilities. Have your accountant modify this checklist to your needs. Your responsibilities may change depending on the amount due for payroll taxes. Check the filing and payment requirements of your state http://www.qbalance.com/CPA_tips_contact_numbers_and_sites.htm and order Circular E from the IRS. You may download additional checklists referred in the notes below from http://www.qbalance.com/Payroll_Tax_and_Business_Tax.htm

Federal Employment Tax Checklist

New Employees

- Record employees' names and SSNs from Social Security cards
- Ask employees for 2 Forms W-4 (one federal and one state) and Form I-9
- Report new hires to the State within 20 days of hire (you will be notified if any garnishments are required)
- All employers must have a workers compensation insurance policy

Each Payday

- Withhold federal income tax based on each employee's federal Form W-4 and state withholding based on State W-4
- Withhold employee's share of Social Security and Medicare taxes (FICA)
- Withhold unemployment/disability taxes if your state has such a requirement
- Include advance earned income credit in paycheck if employee completed W-5
- Deposit in an authorized financial institution using form 8109 (to order 800-829-3676) The amount is the sum of all federal withheld income tax, plus withheld FICA and employer FICA (employer matches the employee FICA taxes), less advance earned income credit. The deadline for making deposits (from weekly to monthly to quarterly) depends on the amount of the tax deposit. You can read about federal deposit requirements in IRS Circular E (You will always be on time if you deposit within 2 days from the date of the paycheck).

- Pay any garnishments (for example child support) to the local government agency

Monthly

- Remit state withholding to the state (deposit requirements may vary, call your state)
- Deposit any 401K or simple pension withholdings to the mutual fund accounts (see your pension administrator or accountant)

Quarterly (By April 30, July 31, October 31, and January 31)

- Deposit federal unemployment (FUTA) tax in an authorized financial institution if undeposited amount is over \$100 (use form 8109). Download our 940 worksheet
- File Form 941 (pay with tax due)
- File a State quarterly reconciliation for state withholding tax
- File a quarterly reconciliation and payment for state unemployment/disability taxes

Annually

- Remind employees to submit a new Form W-4 if they need to change their withholding
- Ask for a new Form W-4 from employees claiming exemption from income tax withholding
- Reconcile Forms 941 with Forms W-2 and W-3. Download our W2 checklist
- Furnish each employee a Form W-2
- File Copy A of Forms W-2 and the transmittal Form W-3 with the SSA, furnish a copy to your state with a state W-3.
- Furnish 1099 series forms (e.g., Forms 1099-R and 1099-MISC) to recipients if required
- File Forms 1099 and the transmittal Form 1096
- File Form 940 or 940-EZ
- File Form 945 for any nonpayroll income tax withholding

Recordkeeping

Keep all records of employment taxes for at least four years. These should be available for IRS review. Records should include the following:

- Amounts and dates of all wage, annuity, and pension payments
- Amounts of tips reported
- Names, addresses, Social Security numbers, and occupations of employees and pension and annuity recipients
- Any employee copies of Form W-2 that were returned as undeliverable
- Employees' dates of employment
- Periods for which employees were paid while absent due to sickness or injury, and the amount and weekly rate of payments the employer or third-party payer made to them
- Copies of employees' and recipients' income tax withholding allowance certificates (example: Forms W-4, I-9)
- Dates and amounts of tax deposits, copies of returns filed
- Records of allocated tips
- Records of fringe benefits provided, including substantiation



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