



PAYROLL 101

HOW TO DO PAYROLL



KNOW THE RULES

Before hiring your first employee, take the time to research the rules of payroll. Payroll is not as simple just writing your employees a check.

EMPLOYEE DATA

Every business must have a Federal Form W-4 and a Form I-9 kept on file for each employee.



PAYROLL TAXES

Generally, employees cost a business an extra 10% in payroll taxes throughout the year. There are a lot of different components that go into payroll taxes so be sure to know them.

PAY PERIOD, WORK WEEK, OVERTIME, AND MINIMUM WAGE

Businesses must select a pay day and work week that suits their business best. Make sure to pay overtime pay for any hours worked over 40 in a given 7 day period. Adhere to state and federal minimum wage laws for all employees, including remote workers.



WORKERS COMPENSATION

A requirement of businesses with at least one employee is worker's compensation insurance. Traditional worker's comp is based on estimated payroll while worker's comp-as-you-go is based on actual payroll.

REPORTING

Quarterly and annual tax reporting and filing is essential in maintaining compliance. Form 941 and State Unemployment reports are for quarterly taxes while Form W-3, Form 940, and a State W-2 Filing Report are filed annual.

CONSISTENCY

Once your work week and pay day are determined, keep those choices consistent. Moving payroll back a day because cash flow is low will only upset employees and increase liability. If changes are needed, give staff plenty of notice of the upcoming change.



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