



Getting Started with Payroll - A Checklist



Payroll processing can be tedious if you're not sure how to start. We compiled a simple checklist to follow if you're interested in processing payroll for your business. Make sure you practice thorough record-keeping throughout the process in case you need to correct an error or settle a dispute.



Set-up Your Payroll Process

- Set-up your payroll budget account, payroll schedule and tax payment schedule
- Get an Employee Identification Number from the IRS, as well as state and local tax ID numbers
- Make sure you have all tax documentation for your employees including a W-4 or W-9, and an I-9
- Set-up withholding accounts for federal and state (EFTPS and SUTA)
- Determine your tax payment schedule
- Decide whether you'll use paper checks and/or a direct deposit service
- Access employee wage information and direct deposit information if you offer it



Verify That All Employees' Information is Correct

- Check that all information is correct as stated on tax documents (W-4, W-9 and I-9)
- Ensure all personal information is correct - name, address, social security number, etc.
- Update all job information - title, salary, benefits
- Determine if any wages are going to be garnished and/or if there are any benefits that require additional withholding



Determine Payment Amounts

- Calculate each employee's gross pay using hours and time cards or flat salaries
- Track any paid time off
- Add any overtime, retroactive pay, bonuses or commission, if applicable
- Next you'll calculate each employees' net pay by subtracting all withholdings
- These withholdings are taken out of the employee's pay before taxes- benefits premiums, HSA or retirement fund contributions and expense reimbursements
- *After all of the pre-tax withholdings are subtracted*, calculate taxes and withholdings including federal, state, local and medicare taxes, social security and wage garnishments



Final Check for Accuracy

- Be sure to review all information and double-check payment amounts before you cut checks or send direct deposits



Make Payments!

- Pay employees by their preferred or offered method whether it's by check or direct deposit
- Deposit all withholdings into the proper accounts including taxes, benefits and retirement funds