

The Payroll Cycle – Employer Responsibilities

Getting Started

- File form SS-4 application for Federal Employer Identification Number
- File form DE-1 application EDD State Employer Identification Number
- Collect completed W-4 Form from each employee
- Collect completed I-9 Form from each employee with copy of appropriate ID

Every Pay Period

- New Hire Reporting
- Calculate total hours worked and gross pay for each employee
- Calculate withholding taxes for each employee
 1. Federal
 2. Social Security
 3. Medicare
 4. State
 5. State Disability
- Write checks for net pay amount to each employee
- Calculate employer payroll taxes
 1. Social Security
 2. Medicare
 3. Federal Unemployment
 4. State Unemployment
- Keep copies of all information for your company's records

Every Deposit Period

- Deposit Federal Liability
- Deposit State Liability
- Deposit State Unemployment Insurance Liability
- Deposit Federal Unemployment Tax Liability

On a Quarterly Basis

- Prepare and file Federal 941 Quarterly Return
- Prepare and file State DE-6 Quarterly Return

Annually

- Prepare employee W-2's
- Prepare and submit Employer Federal and State W-2's (as required)
- Prepare and submit W-3 Recap of Federal Withholding
- Prepare and file 940 Federal employment Insurance Return
- Prepare and file DE-7 State Annual Return
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If you need help getting started with your payroll, or have any other questions, please call me. I'd be happy to help you.

CHRIS ARNOLD (415)899-0203 x30485

2009 PAYROLL TAX RESPONSIBILITIES

Employee

Social Security	6.2% of gross pay (\$106,800 wage base limit)
Medicare	1.45% of gross pay
Federal Withholding	Based upon W-4 filing status
State Withholding	Based upon W-4 filing status
CA Disability	0.8% of gross wages (\$86,698 wage base limit)

Employer

Social Security	6.2% of gross pay (\$106,800 wage base limit)
Medicare	1.45% of gross pay
Federal Unemployment	.8% on first \$7,000 earned by each worker annually (\$56 per employee/ year)
State Unemployment	2008 California New Business rate is 3.4% Tax is paid on first \$7,000 earned by each worker annually (\$238 per employee/year)

TAX REQUIREMENTS – Minimum of 36 deposits and/or returns each year

- Deposits are due to the IRS (social security, Medicare and federal withholding taxes) based on assigned filing frequency - **minimum 12 deposits per year/possibly one per pay period**
- State Tax deposits frequencies may vary but they are due at least monthly – **minimum 12 deposits per year/ possibly one per pay period**
- Federal return (**941**) due quarterly to IRS – **4 returns per year**
- State returns (**DE-6**) are due quarterly– **4 per year**
- Federal Unemployment tax return (**940**) is due annually
- State Reconciliation tax return (**DE-7**) is due annually
- W2 at year end – **1 per employee** that worked for you during the year
- W3 at year end – **1 copy** sent to IRS
- 1099 at year end – 1 copy for any independent contractors that were paid during the year
- 1096 at year end – 1 copy sent to the IRS

RECORD KEEPING

As an employer, you should keep a personnel file on each employee. Required information includes:

- W-4: Provides name, address, social security number, filing status and number of exemptions
- I-9: Required by Federal Government to make sure that all employees are US citizens or have permission to work in the United States

WORKERS COMPENSATION INSURANCE

Workers Compensation Insurance is required, by law, in the state of California for any employer with at least one employee. Officers of a Corporation in California can opt out of Workers Comp insurance. The cost is based upon your current payroll information and the type of work your employees are performing.

For more information on budgeting time and money for payroll,
please call:

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