

PAYROLL CHECKLIST



FIRST STEPS

Decide how the business will handle payroll

- Manually
- Hire staff
- Outsource to payroll service
- Online service

Be sure you have a Federal Employer ID Number for the business

FOR EACH EMPLOYEE

- Collect an I-9 form to verify their ability to work in the United States
- Record their Social Security Number and enter it in the SSA online verification service
- Collect a Federal W-4 and Virginia VA-4

OPERATIONS

- Decide on a system to accurately record time for hourly employees
- Order and post required posters from the Virginia Employment Commission
- If employees receive tips, become familiar with IRS reporting requirements

Not sure where to start?



HOW AND WHEN TO PAY TAXES

Employers must pay both federal and state taxes related to their employees. If you opt to hire a professional service (an accountant or bookkeeper) or an online service, they will take care of paying these taxes for you.

Taxes paid by employer through a payroll service or directly to Federal and State government	Taxes paid by employee through paycheck deductions
Social Security: 6.2% up to wage cap of \$142,800 (for 2021) Medicare: 1.45% Federal Unemployment Tax Virginia Unemployment Tax	Social Security: 6.2% up to wage cap of \$142,800 (for 2021) Medicare: 1.45% Federal Withholding (based on W-4) Virginia Withholding (based on VA-4)

FEDERAL TAXES

- Deposits for employer and employee Social Security and Medicare taxes, and federal withholding, must be made using the [Electronic Federal Tax Payment System](#), or an electronic payroll system like Quickbooks.
- At the end of each quarter, the business must complete and file [IRS Form 941](#), which reports on employees, wages, and taxes paid.

VIRGINIA TAXES

- Withholding tax is due quarterly, monthly, or semi-weekly, [depending on the business's tax liability.](#)
- Businesses should register at tax.virginia.gov to pay all Virginia taxes (sales, income, payroll, etc.)
- The web pages on [Electronic Filing Requirements](#) and [Recordkeeping Requirements](#) can guide you through the process.

Note: Federal and state tax laws change. Check with the state, the IRS, or your accountant to be sure you have the latest information. If you do not have a payroll service provider on your team, search for online paycheck calculators that generate the proper net pay for each employee.

OTHER RESOURCES

- Roanoke Regional SBDC guide on how to handle payroll
- [IRS Small Business Center](#)
- [IRS Guide to Depositing and Reporting Employment Taxes and Employment Tax Due Dates](#)

Not sure where to start?

