BALANCED BOOKS
Bookkeeping & Consulting

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Starting Payroll for the first time?
Know your responsibility as an employer!

1. Getting started with IRS and EDD Enrollments:
    a. Obtain a Federal ID #
        i. If you are a Partnership or Corporation, you should already have one
        ii. To obtain a Federal ID #: http://www.irs.gov/pub/irs-pdf/fss4.pdf
        iii. Enroll in EFTPS online
            1. EFTPS Enrollment: https://www.eftps.gov/eftps/direct/EftpsHome.page
            2. Completing the EFTPS enrollment can take a few weeks – a PIN # is sent in the mail
            3. After receiving your PIN, log back in and complete the enrollment (keep this PIN handy)
    b. Obtain an EDD ID #
        i. EDD Enrollment: https://www.edd.ca.gov/Payroll_Taxes/e-Services_for_Business.htm
        ii. Application is thorough, but is all completed during the online interview
    c. Understand your federal/state tax deposit schedule.
        i. Federal schedules: https://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Employment-Tax-Due-Dates
        ii. State schedules: http://www.edd.ca.gov/payroll_taxes/timely_payroll_tax_deposits.htm
    d. *Optional* Sign up for e-file of federal taxes here: www.irs.gov/efile
2. Employee documents
    a. All employees must complete Federal Form I-9
        i. Used to document that your new employee is authorized to work in the US
        ii. Form I-9 can be found here: https://www.uscis.gov/i-9
        iii. Maintain in employees personnel file (not sent to IRS, but can be audited)
        iv. To be kept for 3 years after date of hire or for one year after termination, whichever is later
    b. All employees must complete Federal Form W-4
        i. Used to determine how much federal tax to withhold from an employee's paycheck.
        ii. Form W-4 can be found here: http://www.irs.gov/pub/irs-pdf/fw4.pdf
    c. *Optional* Employees can complete California Form DE-4 if their CA withholding will be different than federal (Form DE4 can be found here: http://www.edd.ca.gov/pdf_pub_ctr/de4.pdf)
    d. *Optional* Have employees sign up for direct deposit for ease of payroll processing
    e. See IRS Publication 15 for all IRS rules for hiring a new employee
    f. File for DE34 (Report of new employees) to the state within 20 days of hiring an employee
    g. As of 1/1/2024, California minimum wages is $16.00/hour regardless of number of employees.
    h. As of 4/1/2024, California minimum wages for Fast food restaurants is $20.00/hour.
    i. Effective 1/1/24, Paid Sick Leave must be offered to all employees. An employee does not become eligible for sick leave until after they have worked for the employer for 30 days. After that, they are either given the 40 hours sick time upfront effective for use immediately OR begin to accrue the sick time (.03333 hours for every hour worked) which can be used after the employee has worked for 90 days. There are various benefits and disadvantages to both methods. For more info on PSL visit: http://www.dir.ca.gov/dlse/Paid_Sick_Leave.htm
3. QuickBooks (or other accounting software)
    a. Set employees up with proper limits and all applicable taxes
    b. Be sure to enable efile and epay quickly as it takes some time to receive this info in the mail
    c. Payroll Services (i.e. ADP or Paychex) will likely assist with all of this set-up.