Payroll "Cheat Sheet"

4 Parts of Payroll

1. EIN
   The number the government uses to identify organizations.

2. State & Local ID
   Like an EIN, but at the state and local level.

3. Employee information
   A W-4 form will provide you with the information needed.

4. Deductions
   Items subtracted from an employee’s total wages.

Payroll Processes

1. Calculate Gross Pay:
   Review timesheets for errors.

2. Calculate Net Pay:
   Subtract all taxes, withholdings, insurance, retirement, etc. from gross pay.

3. Distribute Deductions:
   Pay appropriate entities for taxes and other deductions.

4. Payment:
   Distribute payments to all employees on your payroll.

Ways to Pay Your Employees

- Checks
  Handwritten or printed and require that your business has a bank checking account

- Direct Deposit
  Electronically transfer funds from your company’s account to your employee’s account

- Pay Cards
  Pay workers in the form of a pre-paid Debit card

Stay Compliant

- Keep Records:
  Keep detailed and complete records in case of an audit.

- Pay Taxes on Time:
  Late tax payments range from 2-10% and state and local penalties can be even worse. Keep a consistent payment schedule.

- Report to IRS:
  Report employee wages, withholdings, taxes, and other payroll data.

The effort an organization spends on payroll proficiency will be well worth it in the end, for both employee satisfaction and the longevity of the organization itself.

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