

Payroll "Cheat Sheet"



4 Parts of Payroll



EIN

The number the government uses to identify organizations.



State & Local ID

Like an EIN, but at the state and local level.



Employee information

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



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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