**The Quick Reference Sheet For Payroll You Need To Keep On Hand**

Of all the minutely-detailed processes that come with being a small business owner, running payroll is easily one of the most complicated. Even for someone who knows what they’re doing, it can be an overwhelming experience in which the smallest mistake can quickly snowball into a potentially catastrophic miscalculation.

Archimedes C&C wants you to be able to approach this task with confidence, so we’ve put together this step-by-step checklist of what you’ll need for accurate payroll processing. Please keep in mind that there will likely be small quirks depending on your company, processes, or even the state (or states) you do business in, but we’ve provided you with a solid starting point.

**The Must-Have Documents to Run Payroll**

Before you being, gather the following information for each of your employees:

* W-4s
* Worker’s Comp Premium Notice
* State Unemployment Tax Rate
* Employment Administration Tax Rate
* Direct Deposit Authorization (if using)
* Local or state-specific added taxes (i.e. Oregon’s State Transit Tax, or Santa Clara County (CA) or other municipality taxes)

**Other Payroll Necessities**

Aside from the standard paperwork, you’ll also need any information that is unique to each employee, such as:

* How they are paid (Ex. Hourly, salary, per project, etc.)
* Standard pay period and schedule

**Payroll Withholdings:**

Use this quick-reference table to calculate the appropriate withholdings.

|  |  |  |
| --- | --- | --- |
| **Federal Withholdings** | **Who Pays?** | **Amount?** |
| Federal Income Tax | Employee | See employee’s W-4 |
| Social Security | Employer & Employee | 6.2% of wage |
| Medicare | Employer & Employee | 1.45% of wage |
| Federal Unemployment | Employer | 0.6% of wage |
| **State Withholdings** | **Who Pays?** | **Amount** |
| Workers’ Comp | Employer & Employee | See your notice from L&I with your specific rates. |
| Employment Administration Fund | Employer | Contact Employment Security for your specific rate. |
| State Income Tax | Employee | Varies by state. |
| State Unemployment | Employer | Contact Employment Security for your specific rate. |
| Paid Family & Medical Leave | Employee & (sometimes) Employer | Varies by state. |

**The Payroll Documents You Need to Keep on File**

Payroll isn’t just making sure your employees are correctly compensated for each pay period. You’ll also need to keep accurate records that keep track of their hours, benefits, and anything else that impacts their (and the business’s) bottom line. These include:

* Employee information (name, hire date, job title and duties, address, social security number, job change dates, termination date)
* W-4 form for each employee
* Pay rate
* Basis of pay (hourly, monthly, commission, bonuses, freelance rate, etc.)
* Timesheets (include dates and hours worked; include activity if multiple workers’ compensation risk classes or prevailing wage “scopes of work” apply)
* Noncash compensation (such as apartments, vehicles, etc.)
* Overtime pay calculations
* Gross payroll calculations
* Tax withholdings from the employee
* Other payroll deductions authorized by the employee (such as medical insurance, gym memberships, charity deductions)
* Payroll check registers
* Employee pay records (pay stubs)
* Bank statements
* Tax reports and payments
* *If in Washington*, paid sick leave accrual, usage and balance.  Calculate accrued sick time based on regular and overtime hours worked.  Minimum required is one hour of sick leave per 40 hours of work (or 0.025 hours of sick leave earned per hour of work)

**Breakdown of a Pay Stub**

In addition to a check, every time you run payroll you also need to generate a pay stub that reflects the following information, individualized to the employee:

* Pay period dates
* Basis and rate of pay (Examples of basis include hourly, salary, piecework, etc.)
* Gross pay
* Itemized taxes and other payroll deductions
* Net pay (gross pay minus deductions)
* Sick leave accrual, usage and balance (notice may be provided separate from pay stub). Your city may have additional requirements.

**Looking for Additional Payroll Assistance?**

Many states have Small Business Liaison Offices. These offices can provide resources, such as [this payroll estimator](https://www.business.wa.gov/site/alias__business/878/small-business-guide--payroll.aspx#PayrollRecordsEmployees) from the State of Washington, [this FAQ and information page](https://www.oregon.gov/employ/businesses/tax/pages/payroll-taxes.aspx) from Oregon, and [this resource page from Idaho.](https://business.idaho.gov/)

Still have questions, or would rather leave your payroll to someone with professional experience? Archimedes C&C is happy to help, whether you’re just looking for someone to teach you, or to handle the process from start to finish. Contact us now to set up a free, no-obligation consultation to learn more about how Archimedes will work for you.