

How to Do Payroll in Massachusetts

Use this downloadable checklist to help you stay on track!

✓	TASK
	<p>Step 1: Set up your business as an employer. <i>You will need the following:</i></p> <ul style="list-style-type: none"><input type="checkbox"/> Employer Identification Number (EIN)<input type="checkbox"/> Electronic Federal Tax Payment System (EFTPS) account
	<p>Step 2: Register online with the Department of Revenue in Massachusetts. <i>To register you will need the following information:</i></p> <ul style="list-style-type: none"><input type="checkbox"/> EIN (this number may be the same as your social security number if you are a sole proprietor)<input type="checkbox"/> Your legal name<input type="checkbox"/> The mailing address of your business<input type="checkbox"/> The start date of your business
	<p>Step 3. Set up your payroll process. <i>You'll need to decide on the following:</i></p> <ul style="list-style-type: none"><input type="checkbox"/> Your pay period (Read: What Is A Pay Period? + Free Calendars)<input type="checkbox"/> If and how you'll track work hours (Read: 4 Ways to Track Employee Hours)<input type="checkbox"/> Which payroll forms you need to collect (Read: 12 Payroll Forms Employers Need)<input type="checkbox"/> How you'll calculate payroll (Read: Calculating Payroll for Employees) <p><i>Helpful links:</i></p> <ul style="list-style-type: none">• How to Do Payroll in 8 Steps• Free Payroll Templates• Best Payroll Services for Small Businesses
	<p>Step 4: Collect employee payroll forms.</p> <ul style="list-style-type: none"><input type="checkbox"/> W-4<input type="checkbox"/> I-9<input type="checkbox"/> Direct deposit authorization form<input type="checkbox"/> MA Form M-4
	<p>Step 5: Collect, review, and approve time sheets. <i>Collect timesheets for all hourly employees and non-exempt salaried workers. (Check off which option you're electing to use for tracking purposes):</i></p>

	<ul style="list-style-type: none"> <input type="checkbox"/> A paper time sheet <input type="checkbox"/> Free or low-cost time and attendance software <input type="checkbox"/> A payroll service that has a time and attendance system
	<p>Step 6: Calculate payroll (including taxes) and pay employees.</p> <ul style="list-style-type: none"> <input type="checkbox"/> You will need to calculate: <ul style="list-style-type: none"> <input type="checkbox"/> Payroll tax payments <input type="checkbox"/> Employee paycheck amounts <input type="checkbox"/> Paid time off balances <input type="checkbox"/> Pay employees (Read: Different Ways to Pay Employees) <input type="checkbox"/> Remit federal taxes through the EFTPS
	<p>Step 7: File payroll taxes with the federal and state governments.</p> <ul style="list-style-type: none"> <input type="checkbox"/> You can order tax forms from the IRS <input type="checkbox"/> Report your taxes online through the MassTaxConnect website by the specific deadlines based on filing frequency
	<p>Step 8: Document and store your payroll records.</p> <p><i>Massachusetts mandates that you keep payroll records for three years. Your records should contain the following employee information:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Name <input type="checkbox"/> Address <input type="checkbox"/> Job title <input type="checkbox"/> Amount paid each payroll <input type="checkbox"/> Daily/weekly hours worked
	<p>Step 9: Do year-end payroll tax reports (due by January 31 of the following year)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Federal W-2 (employees) and 1099 (contractors) <input type="checkbox"/> State W-2