How to Do Payroll in Massachusetts

Use this downloadable checklist to help you stay on track!

|  |  |
| --- | --- |
| ✔ | **TASK** |
|  | **Step 1: Set up your business as an employer.***You will need the following:* Employer Identiﬁcation Number (EIN) [Electronic Federal Tax Payment System (EFTPS)](https://www.eftps.gov/eftps/) account |
|  | **Step 2: Register online with the** [**Department of Revenue**](https://www.mass.gov/how-to/register-your-business-with-masstaxconnect) **in Massachusetts.***To register you will need the following information:* EIN (this number may be the same as your social security number if you are a sole proprietor) Your legal name The mailing address of your business  The start date of your business |
|  | **Step 3. Set up your payroll process.***You’ll need to decide on the following:* Your pay period (Read: [What Is A Pay Period? + Free Calendars](https://fitsmallbusiness.com/pay-period/)) If and how you’ll track work hours (Read: [4 Ways to Track Employee Hours](https://fitsmallbusiness.com/track-employee-hours/))  Which payroll forms you need to collect (Read: [12 Payroll Forms Employers](https://fitsmallbusiness.com/payroll-forms/)[Need](https://fitsmallbusiness.com/payroll-forms/)) How you’ll calculate payroll (Read: [Calculating Payroll for Employees](https://fitsmallbusiness.com/how-to-calculate-payroll/))*Helpful links:** [How to Do Payroll in 8 Steps](https://fitsmallbusiness.com/how-to-do-payroll/)
* [Free Payroll Templates](https://fitsmallbusiness.com/free-payroll-template/)
* [Best Payroll Services for Small Businesses](https://fitsmallbusiness.com/best-payroll-services/)
 |
|  | **Step 4: Collect employee payroll forms.** [W-4](https://www.irs.gov/pub/irs-pdf/fw4.pdf) [I-9](https://www.uscis.gov/sites/default/files/document/forms/i-9-paper-version.pdf) [Direct deposit authorization form](https://fitsmallbusiness.com/set-up-direct-deposit-for-employees/)  [MA Form M-4](https://www.mass.gov/doc/form-m-4-massachusetts-employees-withholding-exemption-certificate/download)(Read: [9 Payroll Forms Employers Need](https://fitsmallbusiness.com/payroll-forms/)) |
|  | **Step 5: Collect, review, and approve time sheets.** |

|  |  |
| --- | --- |
|  | *Collect timesheets for all hourly employees and* [*n on-exempt salaried workers*](https://fitsmallbusiness.com/exempt-vs-non-exempt-employees/)*. (Check off which option you’re electing to use for tracking purposes):* A [paper time sheet](https://fitsmallbusiness.com/timesheet-templates/) Free or low-cost [time and attendance software](https://fitsmallbusiness.com/best-time-and-attendance-software/) A payroll service that has a time and attendance system |
|  | **Step 6: Calculate payroll (including taxes) and pay employees.** You will need to calculate:  Payroll tax payments Employee paycheck amounts  Paid time off balances Pay employees (Read: [Different Ways to Pay Employees](https://fitsmallbusiness.com/different-ways-to-pay-employee/))  Remit federal taxes through the [EFTPS](https://www.eftps.gov/eftps/) |
|  | **Step 7: File payroll taxes with the federal and state governments.** You can order tax forms from the IRS Report your taxes online through the [MassTaxConnect website](https://mtc.dor.state.ma.us/mtc/_/#2) by the speciﬁc deadlines based on ﬁling frequency |
|  | **Step 8: Document and store your payroll records.***Massachusetts mandates that you keep payroll records for three years. Your records should contain the following employee information:* Name Address Job title Amount paid each payroll  Daily/weekly hours worked |
|  | **Step 9: Do year-end payroll tax reports (due by January 31 of the following year)** Federal [W-2](https://www.irs.gov/forms-pubs/about-form-w-2) (employees) and [1099](https://www.irs.gov/pub/irs-pdf/f1099msc.pdf) (contractors)  State [W-2](https://www.irs.gov/forms-pubs/about-form-w-2) |