

How to Do Payroll in New Mexico

Use this downloadable checklist to help you stay on track!

✓	TASK
	<p>Step 1: Set up your business as an employer.</p> <p>For the federal government, you will need your Employer Identification Number (EIN) and an account in the Electronic Federal Tax Payment System (EFTPS).</p>
	<p>Step 2: Register with New Mexico state. To pay state income tax withholdings. Register for an account with the New Mexico Taxpayer Access Point. This is also where you register your business and receive your taxation number, known as the CRS. Alternatively, you can fill out and submit an ACD-31015 at your local tax office.</p> <p>To pay SUTA, register for an account with the New Mexico Department of Workforce Solutions. You'll need your business information, including the date your employees first performed services in New Mexico, gross quarterly summary of wages paid, and description of services.</p> <p><i>To register you will need the following information:</i></p> <ul style="list-style-type: none"><input type="checkbox"/> Business Information<input type="checkbox"/> Date your employees began services in New Mexico<input type="checkbox"/> Gross quarterly summary of wages paid<input type="checkbox"/> Description of services <p>Once registered, you will get an Employer Account Number (EAN) and access to the Unemployment Insurance (UI) Tax System.</p>
	<p>Step 3. Set up your payroll process.</p> <p>You'll need to decide how often you're planning to pay employees, if you need to track work hours, which payroll forms you need to collect and when, how you'll perform payroll calculations, and so forth. You can opt to do payroll yourself, utilize Excel payroll templates, or sign up for a payroll service.</p>
	<p>Step 4: Collect employee payroll forms.</p> <p>The best time to collect payroll forms is during your new hire orientation. Federal payroll forms will include:</p> <ul style="list-style-type: none"><input type="checkbox"/> W-4<input type="checkbox"/> I-9<input type="checkbox"/> Direct deposit authorization form

	<p>* New Mexico does not have a state W-4, so there are no state specific forms required for employees</p>
	<p>Step 5: Collect, review, and approve time sheets.</p> <p>You'll need to collect timesheets for all hourly employees and non-exempt salaried workers. To do this, you have three options to use (check off which option you're electing to use for tracking purposes):</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> <p><i>You will need to calculate:</i></p> <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 <p>You can choose to pay employees in a number of different ways (i.e., cash, check, direct deposit, pay cards.) Federal taxes should be remitted through the EFTPS.</p>
	<p>Step 7: File payroll taxes with the federal and New Mexico state government.</p> <p>Follow the IRS instructions for federal taxes, including unemployment. You'll report using the Wage Withholding Tax Return Form WWT-1. You can file New Mexico taxes and unemployment insurance online, as well, using the Taxpayer Access Point e-filing portal. You'll just need your state tax ID number and PIN.</p> <ul style="list-style-type: none"> <input type="checkbox"/> New Mexico Income Taxes: New Mexico withholdings are paid on the 25th of the month following the end of a reporting period, unless the 25th is a Saturday, Sunday, or legal holiday. Then it is due the next business day. <input type="checkbox"/> SUTA: You must file online and pay via automated clearing house (ACH) debit.
	<p>Step 8. Document and store your payroll records.</p> <p>New Mexico requires you to keep records on employees for at least one year. Information should include contact and payroll information about the employer and employee. Learn more in our article on retaining payroll records.</p>
	<p>Step 9. Do year-end payroll tax reports.</p> <p>Send the federal Forms W-2 (for employees) and 1099 (for contractors). You also need to submit the state copy of the W-2 to New Mexico. You can file the Form RPD-41072, Annual Summary of Withholding Tax, but it is not required unless you underpaid or overpaid monthly withholdings.</p>

