

How to Do Payroll in Pennsylvania

Use this downloadable checklist to help you stay on track!

✓	TASK
	<p>Step 1: Set up your business as an employer.</p> <p>To register your business for withholding and unemployment taxes in Pennsylvania, you must have a Federal Employee Identification Number (EIN). Although it's not required, we also encourage you to enroll in the Electronic Federal Tax Payment System (EFTPS), making it easy to pay your federal taxes online or over the phone.</p> <ul style="list-style-type: none"><input type="checkbox"/> Applied for a Federal Employer Identification Number (EIN)<input type="checkbox"/> Enrolled for the Electronic Federal Tax Payment System (EFTPS)
	<p>Step 2: Register with the Pennsylvania Department of Revenue.</p> <p>You can register for both Income Withholding and Unemployment Insurance tax accounts online using the PA-100 Business Entity Registration Form. You should receive your account number automatically after completing the online registration.</p> <ul style="list-style-type: none"><input type="checkbox"/> Registered for a PA Income Withholding Account<input type="checkbox"/> Registered for a PA Unemployment Insurance Tax Account
	<p>Step 3: Register for City Taxes.</p> <p>If you are paying an employee in either the City of Pittsburgh or the City of Philadelphia, you will be required to register for tax accounts with those cities individually.</p> <p>City of Pittsburgh: If you do not have a City ID and will be paying an employee in Pittsburgh, you must register your business with the City of Pittsburgh. You will want to select Payroll Expense Tax, Local Services Tax, and Earned Income Tax with Jordan Tax Service. You should receive your number 1–2 days after registering.</p> <ul style="list-style-type: none"><input type="checkbox"/> Registered in the City of Pittsburgh (if applicable) <p>City of Philadelphia: If you do not have a City ID and will be paying an employee in Philadelphia, you must register your business with the City of Philadelphia. You can register with the City of Philadelphia Department of Revenue online. You should receive your account number automatically after completing the online registration.</p> <ul style="list-style-type: none"><input type="checkbox"/> Registered in the City of Philadelphia (if applicable)

	<p>Step 4: Register for local taxes.</p> <p>If one of your worksites is located in Pennsylvania, you are required to withhold and remit the local Earned Income Tax (EIT) and Local Services Tax (LST) on behalf of employees working in PA. Worksites include factories, offices, branches, and warehouses. You can register by completing an Employer Registration Form and remitting it to your local tax collector.</p> <p><input type="checkbox"/> Completed an Employer Registration Form for Local Taxes</p>
	<p>Step 5. 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. To do this, you have three options (check off which option you're electing to use for tracking purposes):</p> <p><input type="checkbox"/> Do payroll yourself</p> <p><input type="checkbox"/> Use Excel payroll templates</p> <p><input type="checkbox"/> Sign up for a payroll service</p>
	<p>Step 6: Collect employee payroll forms.</p> <p>The best time to collect payroll forms is during your new hire orientation. Required payroll forms for Pennsylvania employees will include:</p> <p><input type="checkbox"/> W-4</p> <p><input type="checkbox"/> I-9</p> <p><input type="checkbox"/> Direct deposit Authorization Form</p> <p>Pennsylvania does not have any additional forms.</p>
	<p>Step 6: Collect, review, and approve time sheets.</p> <p>Make sure to do this a couple of days before payday, as Pennsylvania Wage Payment and Collection Law says employees must receive their wages no later than the specified payday. 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> <p><input type="checkbox"/> A paper timesheet</p> <p><input type="checkbox"/> Free or low-cost time and attendance software</p> <p><input type="checkbox"/> A payroll service that has a time and attendance system</p>
	<p>Step 7: 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 8: File payroll taxes with the federal and state government.</p> <p>All state and local tax payments need to be made directly to the applicable agency based on whatever schedule is assigned to your business. Federal tax payments must be made via EFTPS. Generally, you have to deposit federal income tax withheld and both employer and employee Social Security and Medicare taxes based on the schedule assigned to your business by the IRS. The IRS can assign you to one of the following depositing schedules:</p> <ul style="list-style-type: none"> ● Monthly Depositor: Requires that you deposit employment taxes on payments made during a month by the 15th day of the following month. ● Semiweekly Depositor: Requires that you deposit employment taxes for payments made on Wednesday, Thursday, and/or Friday by the following Wednesday. Deposit taxes for payments made on Saturday, Sunday, Monday, and/or Tuesday by the following Friday.
	<p>Step 9: Process annual payroll reports:</p> <p>Every employer, regardless of which state your business is in, will need to complete W-2s for all employees and 1099s for independent contractors. By law, you must provide all employees and contractors with their annual tax form no later than January 31 of the following year.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Generated W-2s for all employees <ul style="list-style-type: none"> <input type="checkbox"/> Distributed to employees <input type="checkbox"/> Filed with appropriate government agencies <input type="checkbox"/> Generated 1099s for all contractors <ul style="list-style-type: none"> <input type="checkbox"/> Distributed to employees <input type="checkbox"/> Filed with appropriate government agencies