

# How to Do Payroll in Michigan

Use this downloadable checklist to help you stay on track!

✓	TASK
	<p><b>Step 1: Set up your business as an employer.</b></p> <p>To register your business for withholding and unemployment taxes in Michigan, you must have a <a href="#">Federal Employee Identification Number</a> (EIN). Although it's not required, we also encourage you to enroll in the <a href="#">Electronic Federal Tax Payment System</a> (EFTPS), making it easy to pay your federal taxes online or over the phone.</p> <ul style="list-style-type: none"><li>• Applied for a Federal Employer Identification Number (EIN)</li><li>• Enrolled for the Electronic Federal Tax Payment System (EFTPS)</li></ul>
	<p><b>Step 2: Register with the state of Michigan.</b></p> <p>At the state level, you need to register with the Michigan Department of Revenue. To do so, you need to complete the Michigan Tax Application. You can fill out the application online at the <a href="#">Michigan Department of Treasury website</a>.</p>
	<p><b>Step 3. Set up your payroll process.</b></p> <p>You'll need to decide <a href="#">how often you're planning to pay employees</a>, 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> <ul style="list-style-type: none"><li>• <a href="#">Do payroll yourself</a></li><li>• Use <a href="#">Excel payroll templates</a></li><li>• Sign up for a <a href="#">payroll service</a></li></ul>
	<p><b>Step 4: Collect employee payroll forms.</b></p> <p>The best time to collect payroll forms is during your new hire orientation. Required payroll forms for Michigan employees will include:</p> <ul style="list-style-type: none"><li>• Federal Form <a href="#">W-4</a></li><li>• Michigan State Form <a href="#">W-4</a></li><li>• <a href="#">I-9</a></li><li>• <a href="#">Direct deposit authorization form</a></li></ul>

	<p><b>Step 5: Collect, review, and approve time sheets.</b></p> <p>You'll need to collect timesheets for all hourly employees and <a href="#">non-exempt salaried workers</a>. 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"> <li>• A <a href="#">paper timesheet</a></li> <li>• Free or low-cost <a href="#">time and attendance software</a></li> <li>• A payroll service that has a time and attendance system</li> </ul>
	<p><b>Step 6: Calculate employee gross pay and taxes and pay employees.</b></p> <ul style="list-style-type: none"> <li>• Calculate Gross Pay</li> <li>• Calculate FICA, FUTA &amp; Income Taxes to withhold/pay</li> <li>• Perform any other payroll calculations, i.e., for expense reimbursement</li> <li>• Calculate net payroll</li> <li>• Decide to pay using check, paycard, direct deposit</li> </ul>
	<p><b>Step 7: File payroll taxes with the federal and state governments.</b></p> <p>To remit withholdings, follow the schedule below.</p> <ul style="list-style-type: none"> <li>• Pay federal taxes</li> <li>• Pay Michigan state taxes</li> <li>• Pay local taxes, if applicable</li> </ul>
	<p><b>Step 8: Document and store your payroll records.</b></p> <p>As with any business record, you want to make sure you have a copy for at least three years.</p>
	<p><b>Step 9: Do year-end payroll tax reports.</b></p> <ul style="list-style-type: none"> <li>• Distribute federal <a href="#">Forms W-2</a> forms (for employees) by Jan 31</li> <li>• File federal W-2 with IRS by Jan. 31; if you have &lt;250 employees, you can file by Feb. 28</li> <li>• Distribute Michigan state W-2 forms by Jan. 31</li> <li>• File Michigan state W-2 forms with Michigan Dept. of Revenue electronically if you have &gt;250 employees) by Jan 31</li> <li>• File Michigan state W-2 forms with Michigan Dept. of Revenue via paper or electronically by Feb. 28 if you have &lt;250 employees</li> <li>• Distribute <a href="#">1099</a> forms (for contractors) by Jan. 31</li> <li>• File 1099 form with IRS by March 1 if mailing or March 31 if submitting electronically</li> </ul>

