

# How to Do Payroll in Montana

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>At the federal level, you need your Employer ID Number (EIN) and an account in the <a href="#">Electronic Federal Tax Payment System</a> (EFTPS).</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Applied for a Federal Employer Identification Number (EIN)</li><li><input type="checkbox"/> Enrolled for the Electronic Federal Tax Payment System (EFTPS)</li></ul>
	<p><b>Step 2: Register with Montana.</b> You need your EIN, dates your employees started working in Montana, and general contact information along with legal business and trade name or Doing Business As (DBA). Once approved, you can sign up for a <a href="#">TransAction Portal (TAP)</a> account.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Sign up for a TAP Account</li><li><input type="checkbox"/> Register for an employer account number through the <a href="#">Montana Unemployment Insurance Division's website</a>.</li></ul>
	<p><b>Step 3: Set up your payroll process.</b> Montana has few rules about pay frequency, so you can set the best schedule for your business and workers. Semimonthly is the standard. You'll also need to decide <a href="#">how you'll pay employees</a>—direct deposit is most convenient, but check and cash payments are acceptable as well.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Decide how you'll process payroll and make the correct calculations and payments:<ul style="list-style-type: none"><li><input type="checkbox"/> <a href="#">Do payroll yourself</a>;</li><li><input type="checkbox"/> Use <a href="#">Excel payroll templates</a>; or</li><li><input type="checkbox"/> Sign up for a <a href="#">payroll service</a></li></ul></li><li><input type="checkbox"/> Decide how often you'll pay employees and when you need to start the process</li><li><input type="checkbox"/> Choose the methods of payment you will use to remit payment</li></ul>
	<p><b>Step 4: Collect employee payroll forms.</b></p> <p>This is easiest if you do it during onboarding. Forms include:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Federal Form <a href="#">W-4</a></li><li><input type="checkbox"/> Montana State Form <a href="#">MW-4</a></li><li><input type="checkbox"/> <a href="#">I-9</a></li></ul>

	<input type="checkbox"/> <a href="#">Direct deposit authorization form</a>
	<p><b>Step 5: Collect, review, and approve time sheets.</b> If you have hourly or nonexempt employees, you'll need a way to <a href="#">track employee work hours</a>. Most small business owners create their own time sheets or use time and attendance software, some of which have free plans.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> A <a href="#">paper timesheet</a></li> <li><input type="checkbox"/> Free or low-cost <a href="#">time and attendance software</a></li> <li><input type="checkbox"/> A payroll service that has a time and attendance system</li> </ul>
	<p><b>Step 6: Calculate payroll and pay employees.</b></p> <p>You'll need to make several <a href="#">payroll calculations</a>, including totaling hours worked (use our <a href="#">free timecard calculator</a> to help), gross pay, paycheck deductions, tax withholdings, benefit premiums, etc. You'll also pay employees on schedule. An <a href="#">Excel payroll template</a> or <a href="#">payroll software</a> can help automate this step.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Calculate Gross Pay</li> <li><input type="checkbox"/> Calculate FICA, FUTA, &amp; Income Taxes to withhold/pay</li> <li><input type="checkbox"/> Perform any other payroll calculations, i.e., for expense reimbursement</li> <li><input type="checkbox"/> Calculate net payroll</li> <li><input type="checkbox"/> Pay employees using check, paycard, direct deposit, etc.</li> </ul>
	<p><b>Step 7: File payroll taxes with the federal and Montana state government.</b> Follow the IRS instructions for federal taxes, including unemployment.</p> <ul style="list-style-type: none"> <li>• <b>Montana Income Taxes:</b> The state will send you the schedule for payments. However, you are welcome to pay withholdings every pay period if you prefer.</li> <li>• <b>State unemployment insurance taxes (SUTA):</b> You must <a href="#">pay these taxes online</a>.</li> </ul> <ul style="list-style-type: none"> <li><input type="checkbox"/> Pay federal taxes</li> <li><input type="checkbox"/> Pay Montana state income taxes according to assigned schedule</li> <li><input type="checkbox"/> Pay Montana state unemployment taxes</li> <li><input type="checkbox"/> Pay federal unemployment taxes</li> </ul>
	<p><b>Step 8. Document and store your payroll records.</b> Montana requires you to keep records on employees for at least five years, a bit longer than the <a href="#">federal recordkeeping requirements</a> (three years for payroll records and four years for payroll tax documents).</p>

	<ul style="list-style-type: none"><li><input type="checkbox"/> Decide how you'll store payroll records (paper file system, electronic folders, software)</li></ul>
	<p><b>Step 9. Do year-end payroll tax reports.</b> Send the federal Forms <a href="#">W-2s</a> (for employees) and <a href="#">1099s</a> (for contractors) by Jan. 31 following the year for which you're reporting. You'll also need to send copies to the IRS along with a summary form for each.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Distribute federal <a href="#">Forms W-2</a> forms (for employees) by Jan 31</li><li><input type="checkbox"/> File federal W-2 with IRS by Jan. 31; if you have &lt;250 employees, you can file by Feb. 28</li><li><input type="checkbox"/> Distribute Montana state W-2 forms by Jan. 31</li><li><input type="checkbox"/> File Montana state W-2 forms through <a href="#">TAP portal</a> by Jan. 31</li><li><input type="checkbox"/> File Montana MW-3 by February 28</li><li><input type="checkbox"/> Distribute <a href="#">1099</a> forms (for contractors) by Jan. 31</li><li><input type="checkbox"/> File 1099 form with IRS by March 1 if mailing or March 31 if submitting electronically</li></ul>