How to Do Payroll in Washington

Use this downloadable checklist to help you stay on track!

|  |  |
| --- | --- |
| ✔ | **TASK** |
|  | **Step 1: Set up your business as an employer.**To register your business for withholding and unemployment taxes in Washington, you must have a [Federal Employee Identification Number](https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online) (EIN). Although it’s not required, we also encourage you to enroll in the [Electronic Federal Tax Payment System](https://www.eftps.gov/eftps/) (EFTPS), making it easy to pay your federal taxes online or over the phone. Applied for a Federal Employer Identification Number (EIN) Enrolled for the Electronic Federal Tax Payment System (EFTPS) |
|  | **Step 2: Register with the state of Washington.**Create a [**SecureAccess Washington**](https://secureaccess.wa.gov/myAccess/saw/select.do) (SAW) account. Then, add EAMS (Employer Account Management System) to your list of SAW services.You also need to get a [**Workers’ Compensation Account**](https://lni.wa.gov/insurance/insurance-requirements/how-to-get-a-workers-compensation-account) (WCA). When you apply for your business license, a state account manager will contact you to set up your policy. |
|  | **Step 3: Set up your payroll process.**You’ll need to decide [how often you’re planning to pay employees](https://fitsmallbusiness.com/pay-period/), 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): [Do payroll yourself](https://fitsmallbusiness.com/how-to-do-payroll/) Use [Excel payroll templates](https://fitsmallbusiness.com/free-payroll-template/)  Sign up for a [payroll service](https://fitsmallbusiness.com/best-payroll-services/) |
|  | **Step 4: Collect employee payroll forms.**The best time to collect payroll forms is during your new hire orientation. Required payroll forms for New Hampshire employees will include: Federal Form [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/wp-content/uploads/2022/05/Direct-Deposit-Authorization-Form.pdf) |

|  |  |
| --- | --- |
|  |  |
|  | **Step 5: Collect, review, and approve time sheets.**You’ll need to collect timesheets for all hourly employees and [non-exempt salaried](https://fitsmallbusiness.com/exempt-vs-non-exempt-employees/) [workers](https://fitsmallbusiness.com/exempt-vs-non-exempt-employees/). To do this, you have three options to use (check off which option you’re electing to use for tracking purposes): A [paper timesheet](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 employee gross pay and taxes and pay employees.** Calculate Gross Pay Calculate FICA, FUTA, & Income Taxes to withhold/pay Perform any other payroll calculations, i.e., for expense reimbursement  Calculate net payroll Decide to pay using check, paycard, direct deposit |
|  | **Step 7: File payroll taxes with the federal and state government.** Follow IRS instructions for federal taxes. Washington does not levy state income tax but they do require you to pay unemployment tax. You must send tax and wage reports each quarter, even if you don’t have any wages to report. You can use the Employment Account Management System (EAMS) through [SAW](https://secureaccess.wa.gov/myAccess/saw/select.do) to file the reports and pay the taxes. Alternatively, you can file the report via [EAMS and pay via ePay](https://esd.wa.gov/employer-taxes/about-ePay). Pay federal taxes Pay state unemployment taxes |
|  | **Step 8: Document and store your payroll records.**Washington State requires you to keep employee payroll records for at least three years, similar to federal regulations, except for the federal four-year requirement you have to follow for payroll tax forms. |
|  | **Step 9: Do year-end payroll tax reports.** Distribute federal [Forms W-2](https://www.irs.gov/pub/irs-pdf/fw2.pdf) forms (for employees) by Jan 31 |

|  |  |
| --- | --- |
|  |  File federal W-2 with IRS by Jan. 31; if you have <250 employees, you can file by Feb. 28 Distribute Washington state W-2 forms by Jan. 31 File Washington state W-2 forms with Washington Dept. of Revenue electronically if you have >250 employees) by Jan 31 File Washington state W-2 forms with Washington Dept. of Revenue via paper or electronically by Feb. 28 if you have <250 employees Distribute [1099](https://www.irs.gov/pub/irs-pdf/f1099msc.pdf) forms (for contractors) by Jan. 31 File 1099 form with IRS by March 1 if mailing or March 31 if submitting electronically |