How to Do Payroll in Virginia

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 Virginia, 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 your business with the state of Virginia.**  You need to register with the [Virginia Secretary of State](https://cis.scc.virginia.gov/) and the [Virginia Department of](https://www.tax.virginia.gov/businesses)  [Revenue](https://www.tax.virginia.gov/businesses). |
|  | **Step 3: Create 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: Have employees ﬁll out relevant forms.**  The best time to collect payroll forms is during your new hire orientation. Required payroll forms for Virginia employees will include:  Federal Form [W-4](https://www.irs.gov/pub/irs-pdf/fw4.pdf)  Virginia Form [VA-4](https://www.tax.virginia.gov/sites/default/files/taxforms/withholding/any/va-4-any.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/2022/11/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.**  Calculate Gross Pay  Calculate FICA, FUTA, & Income Taxes to withhold/pay  Perform any other payroll calculations, i.e., for expense reimbursement |
|  | **Step 7: Pay employee wages, benefits, and taxes.**  Calculate net payroll  Decide to pay using check, paycard, direct deposit |
|  | **Step 8: Document and store your payroll records.**  As with any business record, you want to make sure you have a copy for at least three years. Virginia requires businesses to keep record of all hours worked and wages paid to each employee, including their name, address, and date of birth. |
|  | **Step 9: File payroll taxes with the federal and state government.**  Pay federal taxes—can be online using the [EFTPS](https://www.eftps.gov/)  Pay state taxes—can be online at the [Virginia Department of Revenue](https://www.tax.virginia.gov/business-tax-payment-options) website |
|  | **Step 10: Complete 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 Virginia state W-2 forms by Jan. 31  File Virginia state W-2 forms with Virginia Dept. of Revenue electronically if you have >250 employees) by Jan 31 |

|  |  |
| --- | --- |
|  | File Virginia state W-2 forms with Virginia 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 |