

# How to Do Payroll in Arizona

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 Arizona, 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><input type="checkbox"/> Applied for a Federal Employer Identification Number (EIN)</li><li><input type="checkbox"/> Enrolled in the Electronic Federal Tax Payment System (EFTPS)</li></ul>
	<p><b>Step 2: Register with the state of Arizona.</b></p> <p>In Arizona, you will need to register with the Arizona Department of Revenue. To do so, fill out the <a href="#">Arizona Joint Tax Application (Form JT-1)</a>. This combined form is used to register for withholding tax, transaction privilege tax, use tax, and unemployment insurance. If you need help, the Arizona Department of Revenue provides a <a href="#">guide</a> to assist businesses.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Register with the Arizona Department of Revenue</li></ul>
	<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><input type="checkbox"/> <a href="#">Do payroll yourself</a></li><li><input type="checkbox"/> Use <a href="#">Excel payroll templates</a></li><li><input type="checkbox"/> 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 Arizona employees will include:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Federal <a href="#">Form W-4</a></li><li><input type="checkbox"/> Arizona <a href="#">Form A-4</a></li><li><input type="checkbox"/> <a href="#">I-9</a></li><li><input type="checkbox"/> <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><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 plus taxes.</b></p> <p>You can choose to <a href="#">pay employees in a variety of different ways</a> (i.e., cash, check, direct deposit, pay cards). Federal taxes should be paid through the <a href="#">EFTPS</a>.</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> </ul>
	<p><b>Step 7: File payroll taxes with the federal and state governments.</b></p> <p>The IRS has forms and instructions on filing federal taxes, including unemployment. You can also <a href="#">order official tax forms from the IRS</a>.</p> <p>For Arizona state taxes, you must report <a href="#">withholding tax</a> on an annual and a quarterly basis. For annual withholding tax reporting, you will use form A1-APR. For quarterly withholding reporting, you will use form A1-QRT.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Report state withholding tax</li> <li><input type="checkbox"/> File Form A1-APR</li> <li><input type="checkbox"/> File Form A1-QRT</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. Arizona law requires companies to keep the following information for at least four years:</p> <ul style="list-style-type: none"> <li>• All check stubs and canceled checks</li> <li>• Cash receipts and disbursement records</li> <li>• Accounting records (e.g., payroll journal, general journal, and general ledger)</li> <li>• Copies of federal and state tax reports</li> <li>• Copies of payroll filings (W-2s and W-3s)</li> <li>• For each pay period: <ul style="list-style-type: none"> <li>○ The beginning and ending dates of each pay period</li> <li>○ Total amount and date paid for each pay period</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ The day in each week where the most employees worked and how many employees worked on that date</li> <li>● For each worker, the: <ul style="list-style-type: none"> <li>○ Biographical information (first and last name, Social Security number)</li> <li>○ Hire information (hire, rehire, and/or return to work dates)</li> <li>○ Termination information (termination date and reason)</li> <li>○ Amount paid to each employee for each pay period and quarterly</li> <li>○ Date and amount of supplemental payments (e.g., bonuses, gifts, and/or commissions)</li> <li>○ Work location</li> </ul> </li> </ul>
	<p><b>Step 9: File payroll taxes with the federal and state government.</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Pay federal taxes - can be online using the <a href="#">EFTPS</a></li> <li><input type="checkbox"/> Pay state taxes - can be online with the <a href="#">Arizona Department of Economic Security</a></li> </ul>
	<p><b>Step 10: Do year-end payroll tax reports.</b></p> <p>Every employer, regardless of which state your business is in, will need to complete <a href="#">W-2s</a> for all employees and <a href="#">1099s</a> 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"> <li><input type="checkbox"/> Generated W-2s for all employees <ul style="list-style-type: none"> <li><input type="checkbox"/> Distributed to employees</li> <li><input type="checkbox"/> Filed with appropriate government agencies</li> </ul> </li> <li><input type="checkbox"/> Generated 1099s for all contractors <ul style="list-style-type: none"> <li><input type="checkbox"/> Distributed to employees</li> <li><input type="checkbox"/> Filed with appropriate government agencies</li> </ul> </li> </ul>