How to Do Payroll in Idaho

Use this downloadable checklist to help you stay on track!

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| ✔ | **TASK** |
|  | **Step 1: Set up your business as an employer.**  To register your business for withholding and unemployment taxes in Idaho, 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 in the Electronic Federal Tax Payment System (EFTPS) |
|  | **Step 2: Register with the state of Idaho.**  In Idaho, you will need to register with the [Idaho State Tax Commission](https://tax.idaho.gov/online-services/business-registration/). This registration gives you a withholding account number to deposit taxes. You’ll also need to register with the [Idaho Department of Labor](https://www2.labor.idaho.gov/IBRS) to pay unemployment tax.  Register with the Idaho State Tax Commission  Register with the Idaho Department of Labor |
|  | **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 Idaho employees will include:  Federal [Form W-4](https://www.irs.gov/pub/irs-pdf/fw4.pdf)  Idaho [Form ID W-4](https://tax.idaho.gov/taxes/income-tax/individual-income/update-w-4/)  [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) |

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|  | **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 payroll and taxes and pay employees.**  You can choose to [pay employees in a variety of different ways](https://fitsmallbusiness.com/different-ways-to-pay-employee/) (i.e., cash, check, direct deposit, pay cards).  Calculate Gross Pay  Calculate FICA, FUTA & Income Taxes to withhold/pay  Perform any other payroll calculations, i.e., for expense reimbursement |
|  | **Step 7: File payroll taxes with the federal government.**  The IRS has forms and instructions on filing federal taxes, including unemployment. You can also [order official tax forms from the IRS](https://www.irs.gov/businesses/online-ordering-for-information-returns-and-employer-returns).  Pay federal taxes - can be online using the [EFTPS](https://www.eftps.gov/) |
|  | **Step 8: File payroll taxes with the state of Idaho.**  Idaho employers need to file and pay taxes withheld from employee wages. It’s important to know that filing and payment due dates are different. Return filings are quarterly and due on the 15th of the following month as follows. Payments are due on either a semiweekly, monthly, or quarterly basis depending on how much [withholding tax](https://tax.idaho.gov/taxes/withholding/withholding-online-guide/) liability an employer has for the prior year.  Pay state taxes - can be online with the [Idaho State Tax Commission](https://tax.idaho.gov/online-services/e-pay/) |
|  | **Step 9: Document and store your payroll records.**  As with any business record, you want to make sure you have a copy for at least three to four years. Idaho law requires companies to keep the following information for at least three years:   * Each employee’s name and job title * Each employee’s rate of pay, pay frequency, and time records * Employee payroll records |

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|  | **Step 10: Do year-end payroll tax reports.**  Every employer, regardless of which state your business is in, will need to complete [W-2s](https://fitsmallbusiness.com/how-to-fill-out-w2-form/) for all employees and [1099s](https://fitsmallbusiness.com/form-1099-reporting/) 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.  Generated W-2s for all employees  Distributed to employees  Filed with appropriate government agencies  Generated 1099s for all contractors  Distributed to employees  Filed with appropriate government agencies |