

How to Do Payroll in Arkansas

Use this downloadable checklist to help you stay on track!

✓	TASK
	<p>Step 1: Set up your business as an employer.</p> <p>To register your business for withholding and unemployment taxes in Arkansas, you must have a Federal Employee Identification Number (EIN). Although it's not required, we also encourage you to enroll in the Electronic Federal Tax Payment System (EFTPS), making it easy to pay your federal taxes online or over the phone.</p> <ul style="list-style-type: none"><input type="checkbox"/> Applied for a Federal Employer Identification Number (EIN)<input type="checkbox"/> Enrolled in the Electronic Federal Tax Payment System (EFTPS)
	<p>Step 2: Register with the state of Arkansas.</p> <p>In Arkansas, you will need to register with the Department of Finance and Administration (DFA) to process payroll and remit business taxes. You can register with the DFA either online through the Arkansas Taxpayer Access Point or by mail using Form AR-1R. If you need any assistance, the DFA also offers FAQs to assist employers doing business in the state.</p> <ul style="list-style-type: none"><input type="checkbox"/> Register with the Arkansas Department of Finance and Administration
	<p>Step 3: Set up your payroll process.</p> <p>You'll need to decide how often you're planning to pay employees, 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"><input type="checkbox"/> Do payroll yourself<input type="checkbox"/> Use Excel payroll templates<input type="checkbox"/> Sign up for a payroll service
	<p>Step 4: Collect employee payroll forms.</p> <p>The best time to collect payroll forms is during your new hire orientation. Required payroll forms for Arkansas employees will include:</p> <ul style="list-style-type: none"><input type="checkbox"/> Federal Form W-4<input type="checkbox"/> Arkansas Form AR4EC<input type="checkbox"/> Arkansas Form AR4ECSP (for employee claiming to be exempt from federal taxes)

	<ul style="list-style-type: none"> <input type="checkbox"/> I-9 <input type="checkbox"/> Direct Deposit Authorization Form
	<p>Step 5: Collect, review, and approve time sheets.</p> <p>You'll need to collect timesheets for all hourly employees and non-exempt salaried workers. 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"> <input type="checkbox"/> A paper timesheet <input type="checkbox"/> Free or low-cost time and attendance software <input type="checkbox"/> A payroll service that has a time and attendance system
	<p>Step 6: Calculate payroll and pay employees.</p> <p>You can choose to pay employees in a variety of different ways (i.e., cash, check, direct deposit, pay cards).</p> <ul style="list-style-type: none"> <input type="checkbox"/> Calculate Gross Pay <input type="checkbox"/> Calculate FICA, FUTA & Income Taxes to withhold/pay <input type="checkbox"/> Perform any other payroll calculations, i.e., for expense reimbursement
	<p>Step 7: File payroll taxes with the federal government.</p> <p>The IRS has forms and instructions on filing federal taxes, including unemployment. You can also order official tax forms from the IRS.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Pay federal taxes - can be online using the EFTPS
	<p>Step 8: File payroll taxes with the state of Arkansas.</p> <p>For Arkansas withholding taxes, you are required to remit monthly using Form AR941M unless the Arkansas Commissioner of Revenue sends you notification of any change in classification. These payments are due on the 15th of the month.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Pay state taxes - can be online with the Arkansas Department of Finance and Administration
	<p>Step 9: Document and store your payroll records.</p> <p>As with any business record, you want to make sure you have a copy for at least three years. Arkansas law requires companies to keep the following information for at least four years:</p> <ul style="list-style-type: none"> <input type="checkbox"/> All check stubs and canceled checks <input type="checkbox"/> Cash receipts and disbursement records <input type="checkbox"/> Accounting records (e.g., payroll journal, general journal, and general ledger)

- Copies of federal and state tax reports
- Copies of payroll filings (W-2s and W-3s)
- For each pay period:
 - The beginning and ending dates of each pay period
 - Total amount and date paid for each pay period
 - The day in each week where the most employees worked and how many employees worked on that date
- For each worker, the:
 - Biographical information (first and last name, Social Security number)
 - Hire information (hire, rehire, and/or return to work dates)
 - Termination information (termination date and reason)
 - Amount paid to each employee for each pay period and quarterly
 - Date and amount of supplemental payments (e.g., bonuses, gifts, and/or commissions)
 - Work location

Step 10: Do year-end payroll tax reports.

Every employer, regardless of which state your business is in, will need to complete [W-2s](#) for all employees and [1099s](#) 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