**How to Do Payroll Checklist**

| **Step** | **What To Do** | **Details** |
| --- | --- | --- |
| **1** | Collect Employee Data | **Gather:** |
|  | Link to more information on [New Hire Checklist](https://fitsmallbusiness.com/new-hire-checklist/) | employee name,  address,  zip code,  tax withholdings (W-4),  employment verification (I-9),  pay rate, and  employee’s employment status. |
| **2** | Gather Hours Worked | **Determine:** |
|  |  | hours worked per pay period, |
|  |  | paid and unpaid breaks, |
|  | Link to more information on [Time tracking](https://fitsmallbusiness.com/track-employee-hours/) and [Break time laws](https://fitsmallbusiness.com/rest-lunch-break-laws/) | overtime |
| **3** | Calculate Gross Pay | **Multiply:** |
|  |  | pay rate |
|  |  | by hours worked. |
|  |  | *Overtime is paid at 1.5x hourly pay* |
|  | Link to more information on [Overtime Calculation and Rules](https://fitsmallbusiness.com/how-to-calculate-overtime/) | *rate* |
| **4** | Process Deductions  Link to more information on [Payroll Taxes](https://fitsmallbusiness.com/what-is-payroll-tax/) or [Types of Employee Benefits](https://fitsmallbusiness.com/types-of-employee-benefits/) | **Subtract:**  employee deductions  from gross pay. |
| **5** | Provide Net Pay | **Pay employees with:** |
|  | Link to a [Free Paystub Generator](https://fitsmallbusiness.com/free-pay-stub-generator/) | paper check or paystub,  direct deposit, or  pay card, and  make sure to fund your payroll account! |
| **6** | Document Results | **Keep:** |
|  |  | timecards, |
|  |  | pay stubs, and |
|  |  | any pay change information. |
|  | Link to more information on [Payroll Record Retention](https://fitsmallbusiness.com/payroll-records/) | (raises or bonuses) |

