



Hiring Employees

Prepared by the Business Consultants at Child Care Aware® of North Dakota

If you are hiring an employee, there are important legal rules to follow to ensure that you are filing the appropriate documents and paying taxes to various agencies. The information provided may not be comprehensive for all of your needs. Please consider working with an accountant or tax preparer to ensure that you are following all federal and state requirements.

1. Before hiring an employee, obtain an Employer Identification Number (EIN) from the IRS to use on tax returns and other documents you will have to submit. <https://sa.www4.irs.gov/modiein/individual/index.jsp>
2. Register your business with the Secretary of State <http://www.nd.gov/businessreg/>. Once you bring on employees, you will have to pay state unemployment compensation taxes and other taxes. (Check with the state on applicable taxes and forms.)
3. Fill out Form I-9 (the Employment Eligibility Verification) for each new employee to verify that employee is eligible to work in the U.S. You don't have to file this form with the IRS, but you must keep it in your files for three years and make it available for inspection by officials, if necessary.
4. Submit an application for a fingerprint-based criminal history record check at the time of application and every five years after initial approval. The provider shall ensure that each staff member submits an application for a fingerprint-based criminal history record check upon hire and every five years after initial approval.
5. All employers must report all newly-hired employees to the state no later than 20 days after the employee's first day of work. This includes full time, part time, and temporary employees, both adults and minors <http://www.nd.gov/dhs/services/childsupport/empinfo/newhire/>
6. Have the employee fill out Form W-4 (Withholding Allowance Certificate) to determine how much you must withhold in federal income taxes from the employee's pay. You don't have to file this form with the IRS, but keep it in your files. Use this form with IRS Publication 15 (Circular E) Employer's Tax Guide to look up how much to withhold. You should ask employees to fill out a new W-4 form each year if they want to change their allowances.
7. Withhold social security and Medicare taxes quarterly (Form 941- Employer's Quarterly Federal Tax Return). If you pay less than \$4,000 in wages in a year, you can instead file an annual Form 944- Employer's Annual Federal Tax Return.
8. If you pay an employee \$1,500 or more in any calendar quarter or had any employee work for you in 20 different weeks during the year, you must pay federal unemployment taxes (FUTA). Use Form 940- Employer's Annual Federal Unemployment Tax Return.
9. File annually a Form W-2 (Wage and Tax Statement) that summarizes your Social Security and Medicare tax withholding for the year. Give a copy to your employee and send it to the IRS by Jan. 31st. At the end of the year, also fill out the IRS Form W-3 (Transmittal of Wage and Tax Statements) and send it to the Social Security Administration by March 1st.

Other important considerations:

- It is strongly suggested that you work with an accountant/tax preparer to be sure you are withholding the proper amount of federal and state taxes.
- Consider purchasing accounting software, such as QuickBooks or Minute Menu.
- Post required notices on workers rights
- Workers compensation is mandatory for most employment
- Adopt workplace safety measures by complying with the Occupational Safety and Health Act (OSHA) requirements www.osha.gov
- Create an employee handbook
- Ensure each employee is paid at least minimum wage
- Set up personnel files to include items such as job application, employment offer, W-4 form, performance evaluations, employee benefit sign up forms, medical records etc.
- Set up employee benefits

Sources:
www.tomcopolandblog.com | *Small Business Administration* | *NOLO Law for All* - www.nolo.com

Revised 6/17