



Requirements for Hiring an Employee

Federal Rules

1. Obtain an Employer Identification number (EIN).
2. Fill out Form I-9 to verify that the employee is eligible to work in the U.S.
3. Have the employee fill out Form W-4 to determine if you must withhold federal income taxes from the employee's pay
4. Withhold social security and Medicare taxes quarterly (Form 941). If you pay less than \$4,000 in wages in a year, you can instead file an annual Form 944.
5. Pay federal unemployment taxes annually (Form 940).
6. File annually Forms W-2 and W-3 to report Social Security and Medicare taxes.
7. If you hire more than one unrelated person, you will have to pay at least federal minimum wage of \$7.25 per hour. If your state minimum wage is higher, you must pay your state minimum wage. State law may require you to pay the state minimum wage even when hiring only one person.

To obtain these federal forms contact the IRS at: <http://www.irs.gov> or 1-800-829-3676.

State Rules

Your state may have rules that require you to:

1. Report new hires
2. Withhold state income taxes
3. Pay state unemployment taxes
4. Purchase workers' compensation insurance

Check with your state department of labor for further information.

SOURCES:

This handout information was recreated using a resource that was produced by Resources for Child Caring (www.resourcesforchildcare.org). For additional family child care business publications, contact Resources for Child Caring's publishing division, Redleaf Press, at 800-423-8309 or visit www.redleafpress.org