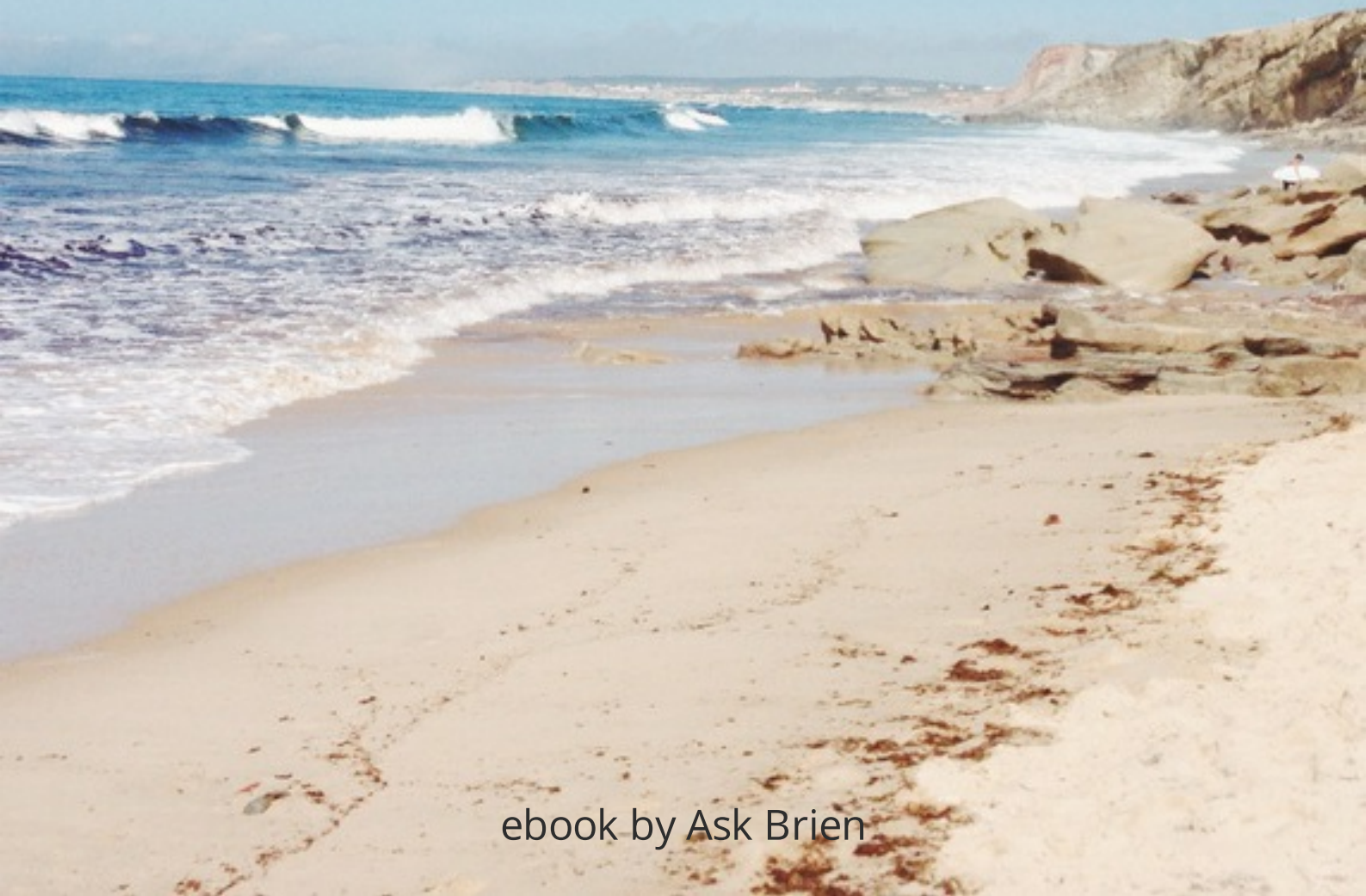


HIRE YOUR FIRST EMPLOYEE



ebook by Ask Brien

Hire Your First Employee

If your business is booming, but you are struggling to keep up, perhaps it's time to hire some help.

The eight steps below can help you start the hiring process and ensure you are compliant with key federal and state regulations.

Step 1. Obtain an Employer Identification Number (EIN)

Before hiring your first employee, you need to get an employment identification number (EIN) from the [U.S. Internal Revenue Service](#). The EIN is often referred to as an Employer Tax ID or as Form SS-4. The EIN is necessary for reporting taxes and other documents to the IRS. In addition, the EIN is necessary when reporting information about your employees to state agencies. Apply for EIN online or contact the IRS at 1-800-829-4933.

Step 2. Set up Records for Withholding Taxes

According to the IRS, you must keep [records of employment taxes](#) for at least four years. Keeping good records can also help you monitor the progress of your business, prepare financial statements, identify sources of receipts, keep track of deductible expenses, prepare your tax returns, and support items reported on tax returns.

Below are three types of withholding taxes you need for your business:

Federal Income Tax Withholding

Every employee must provide an employer with a

[signed withholding exemption certificate \(Form W-4\)](#)

on or before the date of employment. The employer must then submit Form W-4 to the IRS. For specific information, read the IRS'

[Employer's Tax Guide](#)



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Federal Wage and Tax Statement

Every year, employers must report to the federal government wages paid and taxes withheld for each employee. This report is filed using Form W-2,

[wage and tax statement](#).

Employers must complete a W-2 form for each employee who they pay a salary, wage or other compensation.

Employers must send Copy A of W-2 forms to the Social Security Administration by the last day of February to report wages and taxes of your employees for the previous calendar year. In addition, employers should send copies of W-2 forms to their employees by Jan. 31 of the year following the reporting period. Visit SSA.gov/employer for more information.

State Taxes

Depending on the state where your employees are located, you may be required to withhold state income taxes. Visit the

[state and local tax](#)

page for more information.

Step 3. Employee Eligibility Verification

Federal law requires employers to verify an employee's eligibility to work in the United States. Within three days of hire, employers must complete Form I-9, employment eligibility verification, which requires employers to examine documents to confirm the employee's citizenship or eligibility to work in the U.S. Employers can only request documentation specified on the I-9 form.

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Employers do not need to submit the I-9 form with the federal government but are required to keep them on file for three years after the date of hire or one year after the date of the employee's termination, whichever is later.

Employers can use information taken from the Form I-9 to electronically verify the employment eligibility of newly hired employees [by registering with E-Verify](#).

[Visit the U.S. Immigration and Customs Enforcement agency's I-9 website](#) to download the form and find more information.

Step 4. Register with Your State's New Hire Reporting Program

All employers are required to report newly hired and re-hired employees to a state directory within 20 days of their hire or rehire date. Visit the [New Hires Reporting Requirements](#) page to learn more and find links to your state's New Hire Reporting System.

Step 5. Obtain Workers' Compensation Insurance

All businesses with employees are required to carry workers' compensation insurance coverage through a commercial carrier, on a self-insured basis or through their state's [Workers' Compensation Insurance program](#).

Step 6. Post Required Notices

Employers are required to display certain posters in the workplace that inform employees of their rights and employer responsibilities under labor laws. Visit the [Workplace Posters](#) page for specific federal and state posters you'll need for your business.

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Step 7. File Your Taxes

Generally, employers who pay wages subject to income tax withholding, Social Security and Medicare taxes must file [IRS Form 941, Employer's Quarterly Federal Tax Return](#). For more information, [visit IRS.gov](#).

New and existing employers should consult the [IRS Employer's Tax Guide](#) to understand all their federal tax filing requirements.

 Visit the [state and local tax page](#) for specific tax filing requirements for employers.

Step 8. Get Organized and Keep Yourself Informed

Being a good employer doesn't stop with fulfilling your various tax and reporting obligations. Maintaining a healthy and fair workplace, providing benefits and keeping employees informed about your company's policies are key to your business' success. Here are some additional steps you should take after you've hired your first employee:

Set up Recordkeeping

In addition to requirements for keeping payroll records of your employees for tax purposes, certain federal employment laws also require you to keep records about your employees. The following sites provide more information about federal reporting requirements:

- [Tax Recordkeeping Guidance](#)
- [Labor Recordkeeping Requirements](#)
- [Occupational Safety and Health Act Compliance](#)
- [Employment Law Guide \(employee benefits chapter\)](#)
- [Apply Standards that Protect Employee Rights](#)

Hire Your First Employee

Complying with standards for employee rights in regards to equal opportunity and fair labor standards is a requirement. Following statutes and regulations for minimum wage, overtime, and child labor will help you avoid error and a lawsuit. See the Department of Labor's Employment Law Guide for up-to-date information on these statutes and regulations.

Also, visit the [Equal Employment Opportunity Commission](#) and [Fair Labor Standards Act](#).