

## Becoming an Employer

This checklist explains the state and federal tax requirements and regulations surrounding hiring and employing.

### Preparation

Before hiring:

1. **Get a *Federal Employer Identification Number*.**  
You will need to use this on tax returns. Submit an application, form SS-4, to the Internal Revenue Service. Find it at <http://www.irs.gov>.
2. **Register to pay *the state unemployment tax*.**  
Submit an Employer Status Report, form 1110, to the Massachusetts Division of Unemployment Assistance. Do it online using the state's Webfile system at <https://wfb.dor.state.ma.us/webfile/>.
3. **Get *workers' compensation insurance*.**  
Massachusetts state law requires it. The state offers the Massachusetts Guide to Workers' Compensation at <http://www.mass.gov/dia/DESKSCAN/erguide.pdf>. For more information, contact your insurance provider or the state's Insurance Rating Bureau: (617) 439-9030.
4. **Learn about *minimum wage laws, poster requirements, and the family leave act*.**  
The Massachusetts Department of Workforce Development offers plenty of information online: <http://www.mass.gov/dwd/otherr.htm>.

**TIP:** You may also want to register with the **Electronic Federal Tax Payment System**. Although it is not required, registering allows you to pay all of your federal taxes online. Go to <http://www.eftps.gov/> for more information.

### Hiring

With every new hire:

1. **Check for a *Social Security Card*.**  
If lacking one, the employee must submit an application, form SS-5, to the Social Security Administration. Find out more: <http://www.ssa.gov>.
2. **Submit a *W-4 form* for each new employee.**  
This form determines how much of his or her wages should be withheld. Submit this form to the Internal Revenue Service. You may do so online: <http://www.irs.gov>.
3. **Complete a federal *Employee Eligibility Verification Form*.**  
Do not submit this form to the government. You may dispose of this form a year after the employee's departure or three years after the hire, whichever is longer. Find the form, an I-9, at the U.S. Citizenship and Immigration Services website: <http://www.uscis.gov>.

**NOTE:** If your company has more than twenty-five employees, you must report all new hires to the state. You may do so online here: [http://www.cse.state.ma.us/programs/newhire/nh\\_system.htm](http://www.cse.state.ma.us/programs/newhire/nh_system.htm).

**TIP:** The Department of Workforce Development offers numerous hiring incentives and training grants. Find out more online: <http://www.detma.org/BSHome.htm>.

### **Ongoing Taxes**

While an employer:

1. **Withhold federal income, Medicare and social security taxes.**  
Use employees' W-4 forms, the IRS's Employer's Tax Guide, and the IRS's "withholding calculator." Find the latter two online: <http://www.irs.gov>.
  - a. Each quarter, report these withholdings with the employer's **quarterly federal tax return**, form 941. Find it at <http://www.irs.gov>.
2. **Pay the Federal Unemployment Tax.**  
Unlike the taxes in the previous step, this tax is *not* withheld from employee paychecks. Employers pay it.
  - a. Annually, report and pay this tax by submitting the **Employer's Federal Unemployment Tax return**, form 941. Again, find it at <http://www.irs.gov>.
3. **Distribute W-2 forms to employees at the end of each year.**  
Send copies of these wage-reporting forms to the Social Security Administration: <http://www.ssa.gov>.

**NOTE:** If employees collect more than \$20 per month in TIPS, these TIPS *must* be reported. Make sure employees complete form 4070: Employee's Report of TIPS to Employer, so that you can withhold employee income, social security, and employee Medicare tax on the employee's TIPS. Find form 4070 at <http://www.irs.gov>.

### **Additional Information:**

For more information on:

- State employment regulations and tax information, go to: <http://www.mass.gov/?pageID=mq2topic&L=3&L0=Home&L1=Business&L2=Workplace+%26+Employees&sid=massgov2>.
- Federal tax information, go to: <http://www.irs.gov/businesses/small/article/0,,id=98862,00.html>.

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