

Information for New Employers in DC

Each Employer is Required to do the following:

1 Register with the IRS

Form SS-4, Application for Employer Identification Number (EIN), must be completed and submitted to the IRS. See “How to get an EIN” on our web site.

2 Register with DC

Form FR-500, DC Combined Business Tax Registration, must be completed and mailed to DC. This form registers employers for DC taxes withheld and Unemployment Insurance tax. Wages paid to sole proprietor’s spouse, sole proprietor’s parents, and sole proprietor’s children under 21 years old, are exempt from unemployment tax. Domestic employers become liable for unemployment tax when they pay at least \$500 in aggregate wages in any calendar quarter. Once they reach the \$500 threshold, the employers will be liable for all wages paid in subsequent quarters.

3 Obtain Mandatory Insurance

Workers’ Compensation insurance is required for ALL employees, no exception. But a sole proprietor or a partner in a partnership is generally not considered an employee for workers’ compensation purpose. Call **202-671-1000** for information. **Disability Insurance** is not required.

4 Requirements when Hiring Employees

Employers must report all new hires to DC within 20 days of the start date. DC requires additional information about employees; therefore you should use DC reporting form, which can be obtained by calling **877-846-9523**. Report forms can be faxed to **877-892-6388**.

Form I-9 must be completed by each employer and employee to determine if the employee is eligible to be hired.

Form W-4 must be completed by each employee to determine the marital status and exemptions claimed. Employee is allowed to claim a different marital status for purposes of withholding only. If employee claims more than 10 exemptions, this information must be reported to the IRS.

5 Withholding and Paying Taxes

Once wages are being paid, employers are required to withhold from their employees’ paychecks various taxes and pay them to the IRS and to DC periodically. The employers are also required to file, quarterly and annual reports with the IRS and DC. In addition, the employers are subject to various taxes on those wages which must be paid to the IRS and DC. Taxes withheld from employees are treated differently from taxes owed on income. **There are severe penalties for not paying them on time** and the liability survives bankruptcy. Therefore, employers should make sure that the payroll taxes are set aside for payment.

6 Payroll Processing

Because of the complexity and potential penalties involved with processing payrolls, we highly recommend that employers use a payroll processing company such as ADP, Paychex or another to process payroll. We do not provide this service. Over the years we have established an excellent working relationship with Paychex and we recommend them. One advantage for you is if you need service, we can contact our Paychex representative for help. Please call us for the name and phone number of our rep.

Final Word — If the above seems daunting, call us and we will help you with filling out the forms.