

Info for New Employers in MA

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".

2 Register with MA

Employers must register with the State of Massachusetts to permit them to withhold MA taxes. MA requires employers to register online at <https://webfile.dor.state.ma.us/webfile/Business/Public/WebForms/Registration/TA1/Wh>. Wages paid to sole proprietor's spouse, parents, children under 18 years old, are exempt from unemployment tax. Corporate owners are not exempt. Domestic employers become liable for unemployment tax when they pay at least \$1,000 in wages in any quarter. Once the threshold is met they are liable for all quarters, even if wages fall below \$1,000 per quarter.

3 Obtain Mandatory Insurance Coverage for Employees

Disability Insurance is not required.

Workers' Compensation is required for all employees no exceptions. But a sole proprietor or a partner/member in a partnership/LLC is exempt. Owners of 25% or more of a corporation's stock may waive in writing by completing Form 153.

4 Requirements when Hiring Employees

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.

Report New Hires Employers must report all new hires to MA within 14 days of the start date. Report Form WR-1 can be faxed to MA at 617-376-3262, thereby fulfilling the reporting requirement. If you use a payroll processing company such as Paychex, they will report your new hires to MA.

5 Withholding + 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 MA periodically. The employers are also required to file, quarterly and annual reports with the IRS and MA. In addition, the employers are subject to various taxes on those wages which must be paid to the IRS and MA. 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 can help you with filling out the forms.