

Info for New Employers in CO

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 Colorado

Form CO-100 CO Business Registration for Unemployment Insurance, Withholding and Wage Reporting, must be completed and mailed to CO. Non corporate employers who only employ their spouse and/or their children under age 21 are EXEMPT from Unemployment Tax and are not required to register.

3 Obtain Mandatory Insurance Coverage for Employees

- Disability Insurance** is NOT REQUIRED.
- Workmen's Compensation** insurance is required for all employees, no exceptions. Call your insurance agent to obtain worker's compensation coverage.

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 CO within 20 days of the start date.

Form W-4 can be faxed to 303-297-2595, thereby fulfilling the reporting requirement. Be sure that form W-4 shows the employer information. If you use a payroll processing company such as Paychex, they will report your new hires to CO.

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 CO periodically. The employers are also required to file, quarterly and annual reports with the IRS and CO. In addition, the employers are subject to various taxes on those wages which must be paid to the IRS and CO. 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 PayPath, 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 representative.

Final word If the above seems daunting, call us and we can help you with filling out the forms.