

# 7 Payroll Requirements All Small Business Owners Should Know

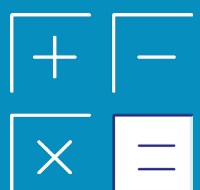


Understand the key components of payroll management to ensure accuracy and compliance



## On-time paychecks are essential

Your workers depend on their paychecks. Studies show that more than 75% of Americans live paycheck to paycheck, which means an error or delay can have a significant, negative impact. Small businesses depend on a small team of workers to maintain operations, and financial stress can contribute to tension and lost productivity.



## Accuracy is more than counting hours

A great deal of data collection goes into creating an accurate paycheck. Processes that must be completed to ensure payroll accuracy include: Collecting and verifying time-worked data, data and paperwork for new hires, tax deductions, self audit to ensure accuracy, core record-keeping tasks, and paycheck distribution. Business owners need tools that let them efficiently manage these key payroll tasks.



## The law mandates certain deductions

Deductions that must be withheld from every paycheck can be difficult to calculate. Calculating these deductions can become extremely time-consuming if done manually. Key deductions to understand are Social Security – which is 6.2 percent of the first \$118,500 of taxable wages earned in the calendar year, and Medicare – which is 1.45 percent of all taxable earnings in the calendar year. Child Support and Garnishment deductions are examples of other required-by-law deductions.



## Tax laws vary from state to state

There is substantial variation of tax laws between states and those differences have a significant impact on payroll calculations and deductions. Seven states do not have income taxes, while another two do not tax wages. Florida, Alaska, Texas, Nevada, South Dakota, Wyoming and Washington do not collect income taxes. Tennessee and New Hampshire do not tax wages.



## Don't forget voluntary deductions

Payroll processing success also hinges on accurately handling voluntary deductions that your staff members may be taking advantage of. Common voluntary deductions include: 401(k) plans, health insurance, dental insurance, group term life insurance, disability insurance, union dues, loans, uniforms, and charitable contributions. Careful organization is needed to stay on top of all of these voluntary deductions on an employee-to-employee basis, even with a small workforce.



## Worker categorization is critical

Full-time, full-time exempt, full-time non-exempt, part-time, contract, temporary, statutory employee, and non-statutory statuses can be applied to your various workers, and each one can impact how your payroll is handled. Make sure you clearly understand which employees fall into each category and ensure you are taxing properly and delivering benefits correctly with each paycheck.



## Onboarding can set you up for success

Establishing documentation for new workers requires that you go through the process of filing W-9 and I-9 forms, taking care of the equivalent state documents, handling SSN verification and recording other key employee data for their files. All of this data must be documented accurately when an employee starts at your company and maintained over their time working there.

Managing payroll is a complex process. Asure can ease your administrative burden and help you stay compliant, streamline processes, and give you more time back to focus on growth.

[See how Asure makes payroll simple and keeps you payroll compliant.](#)