



Hiring an Employee

1. Before any hiring, you should consider forming an LLC or Corporation to protect your personal assets. Also, we recommend you discuss this topic with your attorney *and* CPA before hiring. Please see the resources for assistance listed on the last page.
2. Know the difference between an Independent Contractor and an Employee. Why? Because misclassification can lead to serious legal issues, such as monetary sanctions.
 - a. First Resource: ascent.sba.gov/your-people/regular-employees-vs-contractors
 - b. Second Resource: iic.idaho.gov/employee-or-independent-contractor/
 - c. Third Resource: irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee
3. Learn about Federal Labor Laws at webapps.dol.gov/elaws/firststep/ and also go to webapps.dol.gov/dolfaq/. Next, learn about State Labor Laws and Regulations: labor.idaho.gov/dnn/Businesses/Idaho-Labor-Laws.
4. Obtain or update your Federal Employer Identification Number ("EIN") from [www.IRS.gov](https://www.irs.gov) (it's free). Learn about electronic filing for depositing employer withholdings and federal taxes: eftps.gov. Refer to "Publication 15, Circular E,

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Employer's Tax Guide" (i.e., [irs.gov/publications/p15](https://www.irs.gov/publications/p15)) for federal employer tax responsibility details.

5. Register or update with the Idaho State Tax Commission ("STC"), Idaho Department of Labor ("IDOL"), and the Idaho Industrial Commission at the following: <https://www2.labor.idaho.gov/IBRS/ibr.aspx> Free. The STC will provide a Withholding Account Number, payroll reporting forms, and instructions for reporting wages paid and state income taxes withheld. The IDOL will initiate an employer account number and tax rate for unemployment tax. These payments are *typically* made quarterly. However, it does not automatically create a TAP (Taxpayer Access Point) account. **In order to pay online, you will need to set up a [TAP account](#).**
6. The Idaho Industrial Commission, iic.idaho.gov/employer-compliance-division/employer-information/ regulates workers' compensation insurance. Obtain Workers' Compensation insurance from the State Insurance Fund, IdahoSIF.org, or a private insurance agency that is licensed to write it.
7. Obtain a completed IRS form W-4 from the employee and keep on file for at least four years after termination of employment.ⁱ Verify their social security number and name as shown on the social security card. [irs.gov/uac/about-form-w4](https://www.irs.gov/uac/about-form-w4).

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8. Obtain a Form I-9 from the U.S. Citizenship and Immigration Services Department (i.e., uscis.gov/i-9-central) and have the employee complete the form. The employer is to verify the employment eligibility of the employee. Maintain this completed form in your secure employee file.
9. Report your new hire to the Idaho Department of Labor within 20 days of the date of hire or rehire. Provide the company name, address, Federal Employer Identification Number, Idaho unemployment insurance account number, employee's full name, address, Social Security number and date of hire. This can be done by mailing a copy of the form W4 to Idaho Department of Labor New Hire Directory 317 W. Main Street Boise, ID. 83735-0610, or online here: (labor.idaho.gov/NewHire/).
 - a. Enroll in EFTPS for all federal employment taxes (withholding, FICA (Medicare and Social Security), unemployment). You will pay withholding and FICA taxes monthly by the 15th of the month through EFTPS. Federal unemployment is paid annually.
 - b. Enroll to pay your state unemployment taxes through the [Department of Labor](#) in the month following the end of each quarter.
 - c. Create a [TAP account](#) to pay for Idaho withholding tax. Withholding taxes are due by the 20th of the month generally either monthly or quarterly depending upon the amount of wages paid. Some employers

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pay annually. The Idaho State Tax Commission will determine your deposit schedule.

10. Obtain the required posters from the Idaho Department of Labor and display in your place of business, including but not limited to: Minimum Wage, Unemployment Insurance Benefits, Employee Polygraph Protection Act, Fair Labor Standards Act Minimum Wage, Equal Employment Opportunity, Job Safety and Health Protection, Your Rights under the Family and Medical Leave Act. Free. The Workers' Compensation poster is also required and can be obtained from your insurance provider.

- a. First Resource: dol.gov/general/topics/posters
- b. Second Resource: labor.idaho.gov/dnn/Businesses/Idaho-Labor-Laws/Required-Posters

11. **Mandatory Tax Schedule**

Federal Tax- Federal withholding, Medicare and Social Security is paid to the IRS online using EFTPS. Federal tax payments are paid monthly by the 15th of the following month and Form 941 is filed quarterly by the 31st of the month following each quarter. Form 941 is filed by mail or online using a for purchase "e-file" system through the IRS. Your payroll software subscription may provide an online service also.

Idaho State Withholding Tax- SUTA is paid to the Idaho State Tax Commission. Payments are made by mail using coupons sent by the State or

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online using TAP. Payments are made monthly, quarterly or annually depending upon your deposit schedule and are due by the 20th of the month. Form 910 is completed with each payment made, even if no withholding is being reported for the period.

Idaho Unemployment- UI is paid to the Idaho Department of Labor. Payments are made online using the Employer Portal and are due quarterly by the 31st of the month following the quarter. Form TAX020 is filed quarterly through the Employer Portal and is due by the 31st of the month.

Federal Unemployment- FUTA is paid to the IRS using EFTPS. Federal unemployment is paid annually by the 31st of the month following year-end. Form 940 is filed annually by the 31st of the month following year-end.

12. Annual Requirements

W-2, W-3- W-2 multi-part forms are given to all employees by January 31st. Copy A is submitted to the Social Security Administration either by mail with a transmittal form W-3 or online using their platform "Business Services Online". This is a free service. Copies of W-2 designated for State are submitted to the Idaho State Tax Commission with a transmittal form 967 using the TAP system.

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1099-NEC- 1099 forms are given to all applicable non-employee independent contractors who were paid \$600 or more in the tax year. These forms are due out by January 31st . Copies are sent to the IRS with transmittal form 1096. Copies for the Idaho State Tax Commission are submitted with transmittal form Idaho 96.

irs.gov/businesses/small-businesses-self-employed/employment-tax-recordkeeping

Resources For Assistance

- For help with recruiting, training, and retaining employees.
 - Resource Centers: careeronestop.org/BusinessCenter/Toolkit/find-american-job-centers.aspx
 - Online Information: careeronestop.org/BusinessCenter/default.aspx
- Job description writer tool, local training finder, salary finder, compare occupations, find military occupations that match the experience and skills of civilian occupations, and much more.
 - careeronestop.org/BusinessCenter/Toolkit/toolkit.aspx?frd=true
- For questions about the Americans With Disabilities Act (“ADA”) and workplace accommodations.
 - askjan.org/

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- Legal resources:
 - Idaho Lawyer Referral Service: isb.idaho.gov/lawyer-referral-service/
 - Washington State Resources: wsba.org/for-the-public/find-legal-help
 - Regardless of the service you use, lawyers *typically charge for their services*. Please understand what fees are involved *before* you meet with or engage an attorney.

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