



# BALANCED BOOKS

## Bookkeeping & Consulting

331 E. Main St. ● Turlock, CA 95380 ● 209-634-4099 ● Info@GetBalancedBooks.com

### Starting Payroll for the first time? Know your responsibilities as an employer!

#### 1. Getting started with IRS and EDD Enrollments:

- a. Obtain a Federal Employer Identification Number (EIN)
  - i. If you are a Partnership or Corporation, you should already have one
  - ii. To obtain a Federal ID #: <http://www.irs.gov/pub/irs-pdf/fss4.pdf>
- b. Enroll in EFTPS (Electronic Federal Tax Payment System)
  - i. EFTPS Enrollment: <https://www.eftps.gov/eftps/direct/EftpsHome.page>
  - ii. Completing the EFTPS enrollment can take a few weeks. A PIN is mailed to you.
  - iii. After receiving your PIN, log back in and complete the enrollment.
- c. Obtain a California EDD Employer Account Number
  - i. EDD Enrollment: [https://www.edd.ca.gov/Payroll\\_Taxes/e-Services\\_for\\_Business.htm](https://www.edd.ca.gov/Payroll_Taxes/e-Services_for_Business.htm)
  - ii. The application is completed through an online interview.
- d. Understand your federal/state tax deposit schedule.
  - i. Federal schedules: <https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Employment-Tax-Due-Dates>
  - ii. State schedules: [http://www.edd.ca.gov/payroll\\_taxes/timely\\_payroll\\_tax\\_deposits.htm](http://www.edd.ca.gov/payroll_taxes/timely_payroll_tax_deposits.htm)
- e. \*Optional\* Sign up for IRS e-file: [www.irs.gov/efile](http://www.irs.gov/efile)

#### 2. Employee Documentation & Hiring Requirements

- a. Federal Form I-9 (Employment Eligibility Verification)
  - i. Confirms that an employee is authorized to work in the U.S.
  - ii. Form I-9 can be found here: <https://www.uscis.gov/i-9>
  - iii. Must be retained in the employee's personnel file (not submitted to the IRS, but subject to audit).
  - iv. Retention requirement: 3 years after hire or 1 year after termination, whichever is later.
- b. Federal Form W-4
  - i. Used to determine federal income tax withholding.
  - ii. Form W-4 can be found here: <http://www.irs.gov/pub/irs-pdf/fw4.pdf>
- c. \*Optional\* California Form DE-4 (used if California withholding differs from federal withholding): [http://www.edd.ca.gov/pdf\\_pub\\_ctr/de4.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de4.pdf)
- d. \*Optional\* Direct Deposit Authorization (encouraged for ease of payroll processing)
- e. Review IRS Publication 15, which provides federal rules related to hiring and payroll compliance.
- f. File Form DE-34 (New Employee Registry) with state of CA (must be filed within 20 days of hiring an employee).

#### 3. Wage, Leave, and Labor Law Requirements (California)

- a. Minimum Wage
  - i. As of 1/1/2026, California minimum wage is \$16.90/hour.
  - ii. Effective 4/1/2024, California minimum wage for fast-food employees is \$20.00 per hour.
  - iii. Minimum wage rates may vary by city, county, or industry and are subject to change.



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- b. Paid Sick Leave (PSL)
  - i. Effective 1/1/2024, all California employers must provide paid sick leave.
  - ii. Employees become eligible after working for the employer for 30 days.
  - iii. Employers must provide at least 40 hours or five days of paid sick leave per year, usable after 90 days of employment.
  - iv. Employers must choose a sick leave method (front-loaded or accrual), which impacts payroll setup.
  - v. More information: [http://www.dir.ca.gov/dlse/Paid\\_Sick\\_Leave.htm](http://www.dir.ca.gov/dlse/Paid_Sick_Leave.htm)

#### 4. Additional Employer Responsibilities (Often Overlooked)

- a. Workers' Compensation Insurance
  - i. Workers' compensation insurance is required before running payroll.
  - ii. Payroll cannot be processed without an active policy in place.
- b. Timekeeping Requirements
  - i. Employers must accurately track hours worked for non-exempt (hourly) employees.
  - ii. Proper timekeeping supports payroll accuracy and compliance with wage and hour laws.
- c. Pay Stub Compliance (California)
  - i. California law requires specific information to appear on employee pay stubs.
  - ii. Proper payroll setup helps ensure pay stubs are compliant and avoids penalties.
- d. Retirement Plan Requirement (CalSavers)
  - i. California requires employers to offer a retirement savings plan.
  - ii. As of 2026, this applies to employers with one or more employees.
  - iii. Employers may use CalSavers or an equivalent private plan.
  - iv. Employers are not required to contribute, but must facilitate payroll deductions.

#### 5. Payroll Software & Service Providers

- a. Payroll Setup in Accounting Software
  - i. Employees must be set up with proper tax withholdings and limits.
  - ii. E-file and e-pay features should be enabled as early as possible.
- b. Payroll Service Providers
  - i. Payroll providers (such as ADP, Paychex, or similar services) often assist with setup and ongoing compliance.

#### 6. Final Note

- a. Payroll and employment laws change frequently. Working with a knowledgeable payroll or bookkeeping professional can help ensure compliance and avoid costly penalties.