

# BUSINESS OPERATIONS EMPLOYER RESPONSIBILITIES

FACT  
SHEET  
2.8



The first step to hiring help is to do financial projections to determine what you can pay an employee or employees and for how long. In addition to the cash flow, having employees will require additional bookkeeping, paperwork, and other recordkeeping. Before bringing on a new employee, reevaluate your bookkeeping and other administrative systems to make sure they are efficient and manageable. Below are some of the requirements of you as an employer!

## UNDERSTAND THE LAWS

Before hiring, make sure you are aware of all federal and Idaho labor laws. This includes laws about hiring veterans, foreign workers, terminating or laying off workers, required benefits or breaks, and more. You'll also want to make notes of what records you are required to keep and for how long.

## NEEDED PAPERWORK FOR NEW HIRES:

After hiring, you and your new employee need to fill out the following paperwork.

- ✓ 1-9 Employment Verification  
You'll need to have your employee fill out an I-9, or Employment Verification Form. This form ensures the person hired is verified to work in the United States. You'll need to keep a copy of the completed form on file for three years after the termination of their employment.
- ✓ W-4 Employee Withholding Certificate  
This form tells you how much income tax to withhold from employees' wages. Employers are federally required to withhold social security and Medicare taxes from employee's wages and to match these withholdings. You

should keep a copy of this form on file for each employee.

- ✓ W-2 Wage and Tax Statement (ANNUAL).  
You'll need to submit W-2 forms to Social Security each year to report the wages and taxes of your employees for the previous calendar year. You'll also need to send a copy of the W-2 to each employee for their tax records.

## REPORT EMPLOYEES

All Idaho employers are required to report new employees the Idaho Department of Labor within 20 days of the date of hire. This includes rehires if their previous employment was terminated 60 days or more prior to the new date of hire.

## TAX REQUIREMENTS

As an employer, you will have tax obligations that you either pay as the employer, match with your employee, or withhold from an employee's pay. These can include social security taxes, federal unemployment insurance (FUTA), state unemployment tax (SUTA), federal withholding taxes (FWT), social security (SS), state withholding tax (SWT), and Medicare. We recommend working with a professional to set up your payroll and required reporting.

## WORKERS' COMPENSATION

Employers with one or more full-time, part-time, seasonal, or occasional employees are required to maintain a workers' compensation policy, unless specifically exempt by law.

Contact your insurance agent or company representative for assistance.

### *Keeping Rates Low*

There are some basic steps you can take to keep your workers' compensation rates low. First, as always, work to prevent injuries and keep a safe workplace. Be mindful of assigning dangerous tasks, which may increase your premiums. Having employees participate in dangerous tasks, such as running a tractor, may be unavoidable. Assigning higher risk tasks to senior employees only will lower your worker's comp cost for the other hires.

emptions, contact the Idaho Department of Labor for more information.

## **LIABILITY**

You may need additional liability coverage for your employees from a private insurer even if you have worker's compensation in place. This is because circumstances could arise on your premises that involve damages for employees that the worker's compensation insurance will not cover. (See *Fact Sheet 2.2 Liability for more information*).

## **CONSIDER ADDITIONAL BENEFITS**

Depending upon your business' financial situation, you may be able to offer additional benefits, such as healthcare, dental or eye plans, overtime pay, paid time off, or retirement plans to your employees benefit package. While these benefits are not required by law, they can help you attract and retain employees. Your accountant or tax professional can help you determine the cost of additional benefits and help you find insurance and investment providers.

## **AGRICULTURAL EXEMPTIONS**

Agricultural employers are exempt from some of the above requirements. However, the criteria for your employees to be considered agricultural workers is very specific. An employee working in any task outside of the "agricultural worker" designation (sometimes including working at the farmers market or delivering produce) negates your exemption. Agricultural workers may fall outside of the minimum wage requirement if your farm or ranch is covered by the 500 Man Day Minimum Wage Exemption. If you want to pursue these ex-