



Payroll Tax Compliance Checklist

Payroll taxes are one of the most complex parts of running a small business. Missing a deadline or underpaying can lead to penalties. This **Payroll Tax Compliance Checklist** breaks down everything you need to track — from quarterly filings to year-end reports.

Step 1 – Federal Payroll Taxes

- Withhold **federal income tax** from employee paychecks.
- Withhold **Social Security and Medicare (FICA)** contributions.
- Deposit federal payroll taxes via **EFTPS**.
- File **Form 941 (quarterly)** or Form 944 (annual, if qualified).

Step 2 – State & Local Payroll Taxes

- Register for **state withholding accounts**.
- Deposit state income taxes (frequency varies by state).
- Pay **State Unemployment Insurance (SUI/SUTA)**.
- Check for city/county payroll taxes.

Step 3 – Federal Unemployment Tax (FUTA)

- Calculate **0.6% FUTA** on the first \$7,000 of each employee's wages.
- Deposit FUTA taxes (quarterly if liability > \$500).
- File **Form 940** annually.

Step 4 – Quarterly & Annual Filings

- Quarterly: Form 941 (federal), state equivalents.
- Annual: Form 940 (FUTA), W-2/W-3 (employees), 1099-NEC (contractors).
- Double-check due dates (IRS, state agencies).

Step 5 – Payroll Tax Recordkeeping

- Keep tax payment confirmations.
- Retain filed returns (941, 940, W-2, 1099).
- Store payroll registers and reports for **at least 4 years**.

Tip: Set calendar reminders for all payroll tax deposit and filing deadlines to avoid costly penalties.