

# SMALL BUSINESS SOLUTIONS



Emp No.	SSN	Wage
13		\$20,289
14	Emp No.164	\$18,555
15	Emp No.165	\$56,703
16	Emp No.166	\$44,565
17	Emp No.171	\$567,366
18	Emp No.172	\$56,703
19	Emp No.173	\$56,703
20	Emp No.174	\$56,703
21	Emp No.175	

## AVOID FEES AND PENALTIES WITH PRECISE PAYROLL PROCESSING

Handling payroll is a complicated and often time-consuming necessity that can leave you mired in a myriad of state and federal regulations. And mistakes can be costly, putting you at risk for heavy fines or back wages if errors are discovered. Here are some tips for avoiding expensive mistakes.

### The Right Start

Starting off on the right foot with a new employee's paperwork will save you time and money in the long run. To do so:

- **Classify the new hire accurately.** Whether someone is classified as an employee, independent contractor, statutory employee or statutory non-employee will affect income tax withholding, employment taxes and tax reporting. If you have questions about a worker's classification, submit Form SS-8 to the IRS.
- **Be thorough.** New workers must fill out Form W-4 to determine their withholding tax and employers must submit Form I-9 for new hires to verify their eligibility as workers in the U.S. Be aware that some states have an equivalent Form W-4 that must also be completed.
- **Verify a new hire's Social Security number.** This free service, offered online at [www.ssa.gov](http://www.ssa.gov), will help ensure that funds are being applied to the correct account and that wage reports are accurate.
- **Report new hires to the state.** The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that new hires be reported to the state within 20 days of their hire. Learn more about the steps for reporting new hires at the Small Business Administration's website, [www.sba.gov](http://www.sba.gov).

### Professional Guidance

An experienced accountant can help you successfully navigate your business through the complex rules and regulations governing payroll processing. He or she can give you a monthly and quarterly schedule to ensure that you stay on track and will alert you to changes in the law that affect the way you process payroll for your business. We can provide you with the tools to offer Direct Deposit to your employees via our e-Business Bank and ACH Services. To learn about the services we offer, call **800-289-6140** or visit [www.firstamb.com](http://www.firstamb.com).

### Know the Law

Being familiar with labor laws will help ensure that your business is in compliance with state and federal rules. The Fair Labor Standards Act (FLSA) regulates minimum wage, overtime pay, child labor, record keeping and equal pay laws. You can find a Handy Reference Guide to the FLSA at the U.S. Department of Labor's website, [www.dol.gov](http://www.dol.gov). Also familiarize yourself with state laws governing sick leave, jury duty leave, vacation pay and the like.

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## Avoid Payroll Fraud

According to the Association of Certified Fraud Examiners, small businesses are particularly vulnerable to payroll fraud.\* To protect your business from fraud and its legal repercussions:

- Do thorough background checks on all employees with access to payroll accounts.
- Limit access to payroll data to only those employees who need it to do their jobs.
- Use direct deposit or pay cards. A 2011 study from the Association of Financial Professionals found that checks are easy targets for anyone wanting to commit fraud.\*\*
- Segregate duties of payroll personnel to create a system of checks and balances that can help reduce mistakes as well as the temptation to commit fraud.
- Review reports every pay period.
- Use dual control to process direct deposit ACH files.

With First American's e-Business Bank we provide the security and controls to minimize payroll fraud. We offer Positive Pay which provides peace of mind and minimizes check fraud. To learn about the services we offer, call 800-289-6140 or visit [www.firstamb.com](http://www.firstamb.com).

*Websites not belonging to this organization are provided for information only. No endorsement is implied.*

\* Source: Association of Certified Fraud Examiners, [www.acfe.com/rtn-highlights.aspx](http://www.acfe.com/rtn-highlights.aspx).

\*\* Source: Association of Financial Professionals, [www.afponline.org/paymentsfraud/](http://www.afponline.org/paymentsfraud/).