There are multiple requirements for an employer to fulfill when hiring a new employee. This list should provide a general overview of some of the basic requirements.

**Employer Identification Numbers.** Each employer must obtain a Federal Employer Identification Number (FEIN) and state taxpayer identification number. You may apply for the FEIN on form SS-4, which is provided by the IRS on their Web site (www.irs.gov). Once the FEIN is issued, you may apply for a state ID number.

**Employee vs. independent contractor.** It is important to correctly classify each worker as an employee or independent contractor, the requirements for an employer vary greatly based on this determination. A number of factors are used to determine whether a worker is an employee or independent contractor, focusing primarily on the level of control the principal has over the means and manner in which the work is performed.

**Worker's compensation insurance.** Each employer is required to hold valid worker’s compensation insurance. Worker’s compensation insurance is private insurance administered through an independent insurance company and is available through most insurance agents and brokers.

**Unemployment insurance.** Unemployment insurance is required insurance that provides benefits to eligible workers who become unemployed through no fault of their own, and meet certain other eligibility requirements.

**Required documentation.** Once you have hired an employee and the employee is ready to commence employment, there are two required forms the employee must complete:

- **Form I-9, Employment Eligibility Verification.** The US Department of Homeland Security, Citizenship and Immigration Services requires that an employer keep completed Form I-9 on file for each employee. The I-9 allows an employer to verify that an employee is authorized to work in the United States. The form must be retained for three years after the date of hire, or one year after the employment relationship has ended, whichever is longer. For more information, see www.uscis.gov under the "Immigration Forms" and http://www.uscis.gov/files/nativedocuments/m-274.pdf.

- **Form W-4, Employee's Withholding Allowance Certificate.** The W-4 form assists the employer in determining the amount of tax withholding required for each employee. Form W-4 is valid for both state and federal withholdings. The W-4 must be maintained in the employee’s file. Upon completion of Form W-4, the employer must contact the state Department of Human Services (DHS) with the employee's name, address, social security number, and date of birth to allow DHS to determine whether or not there is any outstanding court orders which will require additional withholdings. Copies of Form W-4 are available on the IRS Web site (www.irs.gov). No later than January 31 of each year, the employer is required to provide each employee with a Form W-2. The W-2 may be found on the IRS Web site (www.irs.gov).

**Paying employees.** Employers must withhold federal and state income taxes and FICA from each employee's paycheck. The employee must receive documentation of the amounts that have been withheld each pay period.

Employers are also required to pay FICA, federal unemployment tax, and state unemployment tax. These taxes are typically paid with quarterly and annual tax returns. You should contact your tax preparer with questions about employer taxes.
Minimum wage and overtime. Under federal law, employees must be paid at least minimum wage and receive overtime and one-half their regular hours worked in excess of 40 hours in any workweek. The federal minimum wage for covered nonexempt employees is $7.25 per hour effective July 24, 2009. The federal minimum wage provisions are contained in the Fair Labor Standards Act (FLSA). Many states also have minimum wage laws. In cases where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wages. State minimum wage requirements may provide for higher wages, depending on size of business. Exceptions to the overtime requirement exist for certain groups of exempt employees. To determine whether employees are classified as exempt, seek legal advice.

Record retention. Many additional employment-related documents must be retained by employers, including pay, hours, safety and health, and similar documents for government purposes.

Non-discrimination. States prohibit discrimination on the basis of race, color, creed, religion, national origin, sex, marital status, sexual orientation, status with regard to public assistance, disability and age.

Posters. Employers are required to post various posters at their place of employment in a conspicuous location. To determine which federal posters are required, you should refer to the US Department of Labor https://www.dol.gov/general/topics/posters

Other helpful websites:
https://www.sba.gov/ (Small Business Association)
https://www.dol.gov/ (US Department of Labor)
https://www.eeoc.gov/ (EEOC Information for Small Businesses)

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