Hiring Your First Employee

A step-by-step California employer checklist

ThinkForward Bookkeeping Services
www.thinkforwardbusiness.com

Your first hire is a big milestone, and it comes with new registrations, paperwork, and deadlines. Use this checklist to be ready before day one.

1. Before you hire

- [ ] **Confirm employee vs. independent contractor**: California applies a strict test, so check before you decide
- [ ] **Budget the full cost**: wages, employer payroll taxes, workers' comp, benefits, and equipment
- [ ] **Define the role**: duties, pay rate, schedule, and whether the position is exempt or non-exempt from overtime
- [ ] **Check California and local minimum wage and overtime rules** for your city or county

2. Register as an employer

- [ ] **Federal EIN** (you may already have one from setting up the business)
- [ ] **Register with the EDD** for a California employer account (payroll taxes, unemployment insurance, SDI)
- [ ] **Workers' compensation insurance** in place before the first day of work
- [ ] **Post required workplace notices** (California and federal labor law posters)

3. Set up payroll

- [ ] **Choose a payroll provider** or system and connect it to your accounting software
- [ ] **Set a pay schedule** (weekly, biweekly, semi-monthly, or monthly) that meets California requirements
- [ ] **Set up direct deposit and pay stubs**
- [ ] **Confirm who deposits payroll taxes** (your provider or you) and on what schedule

General guidance for small businesses, not tax, legal, or financial advice. Rules and deadlines change; confirm with your tax professional.

4. New-hire paperwork

- [ ] **Offer letter** with title, pay, schedule, and start date
- [ ] **Federal Form W-4** for withholding
- [ ] **California Form DE 4** for state withholding
- [ ] **Form I-9**: employee completes Section 1 by their first day; you complete Section 2 within 3 business days of the start date
- [ ] **California Wage Theft Prevention Act notice** (for non-exempt employees)
- [ ] **Employee handbook or policies** and a signed acknowledgment
- [ ] **Emergency contact and direct deposit details**

5. Report and file

- [ ] **Report the new hire to the EDD** within 20 days of the start date
- [ ] **Keep a personnel file** for each employee (separate from the I-9, which is stored apart)
- [ ] **Keep I-9s** for the required retention period

6. Ongoing payroll duties

- [ ] **Deposit payroll taxes on schedule** (federal and EDD)
- [ ] **File quarterly payroll returns** (federal Form 941 and the California DE 9 / DE 9C)
- [ ] **Issue W-2s and file by January 31**
- [ ] **Review payroll in your monthly bookkeeping close** to make sure it matches your reports

> **Before you run your first payroll**
> Ask your bookkeeper to confirm that payroll expenses, taxes, and liabilities will post correctly in your books. Fixing misposted payroll after a quarter closes is far harder than setting it up right.

Need a hand with any of these steps? Visit **www.thinkforwardbusiness.com** to connect with ThinkForward Bookkeeping.

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