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NEWSLETTER

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New Business! Now What?

Congratulations! You're a business owner! Now it's time to get some help! Before you post an ad that you're hiring, please Take some time to learn the process and requirements of paying your employees. Here's a quick guide to help you get started:

PREPARE INFORMATION

Hiring employees means paperwork.

Get an Employer Identification Number from the IRS. Use it to report taxes to the IRS and state agencies.

Obtain a state or local business ID if necessary. Contact local and state government officials to see whether you need a different tax ID number.

Obtain essential information from each new hire. You'll need a Social Security number or an Individual Taxpayer Identification Number. Ensure you get each employee to fill out Form I-9 to verify employee eligibility. For proper payroll processing, each employee must also fill out Form W-4.

KEEP AN EYE ON THE CLASSIFICATION

Of course, you may have a mix of staff employees and independent contractors like many companies.

You can't blur the line between them, and you need to know each group'sdifferent rules and paperwork. Consult an employment expert and work with IRS Form SS-8, which can help you decide. One of the most significant differences between an employee and an independent contractor is the employer's requirement to withhold and pay payroll taxes. If you make a mistake here, the penalties can be severe.

The Fair Labor Standards Act also requires employers to distinguish between employees subject to its provisions and those not, i.e., exempt and nonexempt employees. One of the key differences is that nonexempt employees are entitled to overtime pay, and exempt employees are not. But, again, the distinction can be complex, so work with a qualified expert.

SET UP YOUR SYSTEM

First, consider a pay period. Weekly, every other week, and twice monthly are common options. However, state and local laws may limit your choices. Also, consider what your employees might want. For example, accounting departments often like twice monthly because it means 24 even periods, while every other week means 26 payments — it doesn't divide evenly into a year. But employees often like their paychecks on the same day of the week.

Whatever you do, be transparent. Share important details about the process with employees: how they'll be paid — check or direct deposit — and any deductions they should know about. Add these details to your employee handbook.

Finally, consider how you'll handle payroll. Once you get more than an employee or two, making the correct calculations and issuing the checks or direct deposits will take time and energy. That's why many companies choose to outsource the entire payroll function. If you decide to do that, please ensure the provider you hire meets your business's particular needs.

This is just an overview of the many payroll obligations you will face. Be sure to work with qualified professionals to keep up with all your responsibilities.

Your Tax Obligations as an Employer

You need time and energy to run and grow your business, so you've outsourced your payroll process. You decided to go with a third-party payroll provider to handle some or all of your employment tax duties.

This move lightens your workload, assuming that your payroll provider is reputable and reliable and meets filing deadlines and deposit requirements. But you can't just hire a provider and forget about it — you still have to take legal responsibility for your company.

Your tax responsibility depends on the type of service you use. You're never completely off the hook. You either have sole responsibility or become jointly liable, depending on the third-party arrangement you make.

A **payroll service provider** typically prepares employment tax returns for signature by you, processing the withholding, deposit and payment of employment taxes. You authorize the provider to:

- Prepare employee paychecks as well as your required Forms 940 and 941, using your Employer Identification Number.
- File those forms after you've signed them.
- Make federal tax deposits and federal tax payments.
- Prepare W-2 forms for your employees using your EIN.

Using a payroll processor doesn't relieve you of employment tax responsibilities. The provider assumes no liability for employment tax withholding, reporting, payment or filing duties.

A **reporting agent** can sign employment tax forms on your behalf. You need to complete Form 8655, Reporting Agent Authorization. A reporting agent assumes no liability for employment tax withholding, reporting, payment or filing duties.

A **Section 3504 agent** is appointed as an agent under the Internal Revenue Code. Wages can be paid by the agent through Form 2678, Employer/Payer Appointment of Agent. Your Section 3504 agent assumes liability along with you for your Social Security, Medicare and federal income tax responsibilities. The IRS can seek to collect any unpaid employment taxes from you and the agent.

The bottom line

You are ultimately the responsible party for withholding, depositing and paying federal tax liabilities. Even when forwarding tax amounts to a service with the expectation that the provider is making tax deposits, you're still responsible for withholding the employer and employee portions of Social Security and Medicare taxes. This doesn't mean you shouldn't use an outside provider. It just means you should talk with them in detail about how they work. Also, there are a few commonsense precautions:

- Use your name and address so that IRS correspondence goes to you. Many IRS communications are time sensitive — a delay in response can trigger the next level of IRS action.
- Know tax due dates — this way, you can always double-check the status.
- Register on the electronic federal payroll tax system to get your own PIN and use it to periodically confirm that the required payments are being made. Online access shows your account payment history for the past 16 months.

It's not just a matter of trust — it's a matter of communication. If you work closely with your provider, the result will be good for you and your employees.

Building a Healthy Work/Life Balance

The COVID-19 pandemic shifted norms for the division between labor and leisure. As many office workers embraced new work-from-home practices, they experienced both gains and losses. On the one hand, many dispensed with a tedious and time-consuming commute; on the other hand, they found their work schedules blurring into evening and weekend hours. Feeling obligated to check emails at all hours, they became trapped in pervasive business routines. Finding the right balance

Finding the right balance

Managers pay increased attention to promoting an appropriate mix of work and outside individual activities. Employees with well-rounded lives are expected to devote time and effort to many demands: family, community, social occasions, health, wellness, hobbies and cultural exposure. It is becoming accepted that employees and employers should both benefit from the integration of personal and professional spheres.

Productivity tends to diminish drastically after about 50 hours of work per week, so an optimal sweet spot might be working no more than 38 to 45 hours a week. Current models propose a holistic framework that incorporates multiple aspects, leveraging on one another. They no longer describe the day as one unit, with distinct slices allotted to work or private interests. The concept of knowledge work is based on the principle that various inputs, like ideas, analysis and data, are combined with outside activities, like intellectual exploration, experiences and communication. And then a physiological transformation occurs — more neural pathways in the brain are activated to promote innovation and creativity.

A successful work/life balance is not simply an even division between one's job and hobbies. It is more constructive to aim for a relationship between achievement and enjoyment, where neither side is sacrificed for the other. In a wider framework, the aim is to create priorities for how to spend time, which is always a precious commodity.

A happy medium

Keeping work and life in proportion is a cooperative effort; both employers and workers share the responsibility. Managers must pay attention to the individual needs of those who work for them and learn at least enough about their outside lives to accommodate where appropriate. It is also incumbent on them to lead by example. That means refraining from dashing off nonurgent emails 24/7 or scheduling weekend or evening calls. Post-pandemic, the WFH practice is not a green light to usurp every moment of free time. Give your subordinates some leeway so they do not always feel compelled to ask permission or explain trivial activities.

But it is ultimately up to the workers to make and follow their own rules, such as:

- Set manageable, realistic goals.
- Don't procrastinate. Stick to the to-do list.
- Ask the boss for flexibility when it is really needed. Compromise and suggest proactive alternatives.
- Tackle daunting projects by dividing them into smaller tasks.
- Take regular breaks. A person can fully concentrate for only about 90 minutes at a time.
- Don't overcommit. Learn to say no. Establish boundaries.
- Enlist moral and practical support from friends, family and co-workers.
- Know their hours for peak productivity.
- Take vacations and staycations and enjoy at least one social event each week.

Drawn into the danger zone

Diverse motives drive employees to struggle to maintain an optimal work/life balance. Many assume it is in their professional interest to be seen as "hardworking." Industrious souls who burn the midnight oil are most likely to earn raises andpromotions. Others who are compulsive by nature find it hard to power down until they have crossed off the final item on their to-do list.

Small-business owners in particular tend to overwork; they should consider delegating tasks such as:

- Bookkeeping.
- Data entry.
- Invoicing.
- Deliveries.
- Technical support.
- Paying bills.
- Making bank deposits.
- Travel arrangements.
- Ordering equipment/supplies.

Imbalanced work stress can trigger physical and emotional symptoms, including burnout. Back-to-back meetings, being constantly "on" and open-floor-plan offices may not be worth the toll they exact on employees. Workers must learn to juggle competing pressures, and managers must cooperate.

Quiet Quitting: What Employers Need To Know

CBS News says, "There's a new term for clocking in and doing the bare minimum at work: 'quiet quitting.'" This employee practice is a type of disengagement in which employees no longer go above and beyond at work. They do as little as possible, but just enough to keep their jobs. The term "quiet quitting" first gained popularity on the social media website TikTok. According to NPR, "In July [2022], a video was posted that went viral, sharing a user's experience encountering quiet quitting for the first time." Thereafter, many users began sharing their own experiences with quiet quitting. When employees quiet quit, they are basically (and silently) rebelling against their work conditions in some way.

Signs of quiet quitting include:

- Refusing to do additional tasks.
- No longer volunteering for projects.
- Accepting only easy assignments.
- Claiming to be too busy to assist coworkers.

Common reasons for quiet quitting include:

- Excessive workload.
- Lack of work-life balance.
- Poor compensation.
- Not enough recognition.
- Insufficient support from managers.
- Unclear or changing job requirements.

Quiet quitting is a controversial issue, garnering both proponents and critics

The Wall Street Journal says how people react to quiet quitting depends on how they interpret it — and interpretations vary significantly. "Some professionals argue the concept is saying no

to extra work without extra pay and work stress, not necessarily phoning it in. Many detractors say the quiet quitting mind-set fosters laziness and hurts performance, even if baseline job expectations are being met." Regardless of interpretation, quiet quitting is concerning because it indicates a divide between the employer and the employee regarding expectations. CBS News explains, "To some extent, quiet quitting may represent an evolution of the Great Resignation, with Americans pushing back against blithe employer expectations that they'll obediently put in more hours each week without additional compensation."

Employers can prevent quiet quitting by prioritizing strong communication

When employees quiet quit, they are reacting based on their own perspectives, which may or may not be in line with the employer's view of the situation.

For this reason, employers should make effective communication a cornerstone of their culture, as it is often the solution to workplace conflicts. Encourage employees to speak up whenever they have an issue, and train managers to employ active listening.

Moreover, address employer-employee disconnects, such as by:

- Consulting with employees before increasing their workloads.
- Providing competitive pay and benefits.
- Letting job candidates know up front about additional work that may be required.
- Offering resources to support work-life balance (e.g., health and wellness benefits).
- Establishing boundaries to prevent managers from intruding on employees' personal time.
- Encouraging employees to take breaks and time off from work.

Quiet quitting can ultimately lead to the employee quitting for real. It can also slowly erode productivity and the bottom line. So do your best to keep it at bay.

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