

How to Do Payroll in Michigan

Use this downloadable checklist to help you stay on track!

✓	TASK
	Step 1: Set up your business as an employer. To register your business for withholding and unemployment taxes in Michigan, you must have a Federal Employee Identification Number (EIN). Although it's not required, we also encourage you to enroll in the Electronic Federal Tax Payment System (EFTPS), making it easy to pay your federal taxes online or over the phone. ☐ Applied for a Federal Employer Identification Number (EIN) ☐ Enrolled for the Electronic Federal Tax Payment System (EFTPS)
	Step 2: Register with the state of Michigan. At the state level, you need to register with the Michigan Department of Revenue. To do so, you need to complete the Michigan Tax Application. You can fill out the application online at the Michigan Department of Treasury website. You also have to register locally. You should contact the local city office for business registration and income tax registration each time you need to register in one of the following municipalities: Albion, Battle Creek, Benton Harbor, Big Rapids, East Lansing, Flint, Grayling, Hamtramck, Hudson, Ionia, Jackson, Lansing, Lapeer, Muskegon, Muskegon Heights, Pontiac, Port Huron, Portland, Springfield, and Walker. Detroit, Grand Rapids, Highland Park, and Saginaw also levy local taxes—at different rates for residents and non-residents. ☐ Register with the State Department ☐ Register with the local city office (if applicable)
	Step 3. Set up your payroll process. You'll need to decide how often you're planning to pay employees, if you need to track work hours, which payroll forms you need to collect and when, how you'll perform payroll

	calculations, and so forth. To do this, you have three options (check off which option you're electing to use for tracking purposes): ☐ Do payroll yourself ☐ Use Excel payroll templates ☐ Sign up for a payroll service
	Step 4: Collect employee payroll forms. The best time to collect payroll forms is during your new hire orientation. Required payroll forms for Michigan employees will include: ☐ Federal Form W-4 ☐ Michigan State Form MI-W4 ☐ I-9 ☐ Direct deposit authorization form
	Step 5: Collect, review, and approve time sheets. You'll need to collect timesheets for all hourly employees and non-exempt salaried workers. To do this, you have three options to use (check off which option you're electing to use for tracking purposes): ☐ A paper timesheet ☐ Free or low-cost time and attendance software ☐ A payroll service that has a time and attendance system
	Step 6: Calculate employee gross pay and taxes and pay employees. ☐ Calculate Gross Pay ☐ Calculate FICA, FUTA & Income Taxes to withhold/pay ☐ Perform any other payroll calculations, i.e., for expense reimbursement ☐ Calculate net payroll ☐ Decide to pay using check, paycard, direct deposit
	Step 7: File payroll taxes with the federal, state, and local governments.

Follow the IRS instructions for federal taxes, including unemployment taxes. You can [order official tax forms from the IRS](#).

- **Michigan State Taxes:** You must report withholding tax to Michigan on an annual basis. You also must report withholding tax either monthly or quarterly. Use [Form 5080](#) for your monthly or quarterly filing, and use [Form 5081](#) for annual filing. Michigan has moved to online service only, so you must file these forms electronically.
- You must pay on the following schedule, according to your filing frequency requirement:

Filing Frequency	Due Date for Return and Payment
Monthly	On or before the 20th day of the following month
Quarterly	On or before the 20th day of the month following the quarter end
Annual	Due Feb. 28 of the year following the tax year reported

- ☐ Pay federal taxes
- ☐ Pay Michigan state taxes
- ☐ Pay local taxes, if applicable

Step 8: Document and store your payroll records.

As with any business record, you want to make sure you have a copy for at least three years.

Step 9: Do year-end payroll tax reports.

- ☐ Distribute federal [W-2 forms](#) (for employees) by Jan 31
- ☐ File federal W-2 with SSA by Jan. 31
- ☐ Distribute Michigan state W-2 forms by Jan. 31
- ☐ File Michigan state W-2 forms with Michigan Dept. of Revenue electronically by Jan 31
- ☐ Distribute [1099 forms](#) (for contractors) by Jan. 31
- ☐ File 1099 form with IRS by February 28, or by March 31, if filing electronically.

