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## Hiring Employees—Rules in Addition to I-9 Documentation under the IRS (*page 1*)

If you hire employees, there is information that you need to secure for your records and forms that you must complete.

### **Eligibility to Work in the United States**

You must verify that each new employee is legally eligible to work in the United States. Have the employees you hire fill out Form I-9, Employment Eligibility Verification (PDF).

### **Employee's Social Security Number (SSN)**

You are required to get each employee's name and social security number (SSN) and enter them on Form W-2. (This requirement also applies to resident and nonresident alien employees.) You should ask your employee to show you his or her social security card. The employee may show the card if it is available. You may, but are not required to, photocopy the social security card if the employee provides it. Record each new employee's name and social security number from his or her social security card. Any employee without a social security card should apply for one using Form SS-5, Application for Social Security Card. The Social Security Administration (SSA) offers SSN verification and quick access to relevant forms and publications.

Do not accept an ITIN in place of a SSN for employee identification or for work. An ITIN is only available to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. You can identify an ITIN because it is a 9-digit number, beginning with the number "9" and is formatted like a SSN (NNN-NN-NNN). An individual with an ITIN who later becomes eligible to work in the United States must obtain a SSN.

Each year employers send Copy A of Form W-2 to the

SSA. The SSA matches the name and SSN on each Form W-2 against its database of all SSNs issued. When they find a match, they record the earnings information from the Form W-2 in the employee's earnings history.

The earnings history is the basis for determining an employee's future eligibility and benefit amount for Social Security's retirement, disability, and survivors programs. That is why it is critical that each employee's name and SSN, as shown on their Social Security card, match your payroll records and year-end Forms W-2.

The Internal Revenue Service's Publication 15 (Circular E, Employer's Tax Guide) contains instructions for recording employees' names and SSNs. The tax guide states that after an employee is hired, you should ask to see his or her Social Security card. The employee may show the card if it is available. You may, but are not required to, photocopy the card.

### **Employee's Withholding**

To know how much income tax to withhold from employees' wages, you should have a Form W-4, Employee's Withholding Allowance Certificate on file for each employee. Ask all new employees to give you a signed Form W-4 when they start work. Make the form effective with the first wage payment. If employees claim exemption from income tax withholding, they must indicate this on their W-4. The amount of income tax withholding must be based on filing status and withholding allowances as indicated on the form. If a new employee does not give you a completed Form W-4, withhold tax as if he or she is single, with no

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withholding allowances. Additional withholding may be required on wages paid to non-resident aliens.

A Form W-4 remains in effect until the employee gives you a new one. If employees claim exemption from income tax withholding, they must give you a new Form W-4 each year. If an employee gives you a Form W-4 that replaces an existing Form W-4, begin withholding no later than the start of the first payroll period ending on, or after the 30th day, from the date you received the replacement Form W-4. For exceptions and invalid Forms W-4, refer to Publication 15 Circular E, Employer's Tax Guide.

You may also refer your employees to the withholding allowance calculator. Remember that this application is to help employees to ensure that they do not have too much or too little income tax withheld from their pay. It is not a replacement for Form W-4, but most people will find it more accurate and easier to use than the worksheets that accompany Form W-4. They may use the results of this program to help them complete a new Form W-4, which they will submit to their employer.

Special rules may apply to agricultural employers. For more information, refer to Publication 51 Circular A, Agricultural Employer's Tax Guide.

### What This Means to Counties

Remember to get the employee's SSN and if possible, a copy of their card or a copy of their application for a new card. Have the employee fill out the W-4. Inaccuracies in the SSN may create a payroll deduction problem that the County would then have to correct in the future, so follow up on this if possible.

For more information, contact CTSI at 303-861-0507.