

Hiring a New Employee in Montana

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Montana Department of
LABOR & INDUSTRY



Steps to Hiring

Step 1: Register as an Employer

Employers will need to first get a Federal Employer Identification Number (FEIN) – Form SS-4 from the Internal Revenue Service (IRS) in addition to the Withholding Account Number from the Montana Department of Revenue and Unemployment Insurance Registration from the Montana Department of Labor & Industry.

www.irs.gov

https://montana.servicenowservices.com/citizen?id=kb_article_view&sysparm_article=KB0013477

<https://uid.dli.mt.gov/employers/>



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Step 2: Employee Eligibility Verification

Each new employee will need to fill out the [I-9, Employment Eligibility Verification Form](#) from U.S. Citizenship and Immigration Services. The I-9 Form is used to confirm citizenship and eligibility to work in the U.S.

The employee must complete Section 1 by their first day of work, and the employer will complete Section 2 by the end of the third business day after the employee starts.

Employers don't submit the I-9 form but are required to keep the form on file for three years after the date of hire or one year after the employee's termination, whichever is later.



Step 3: Employee Withholding Allowance Certificate

Each employee will provide their employer with a signed [Withholding Allowance Certificate \(Form W-4\)](#) on or before the date of employment. The W-4 form determines how much federal income tax will be withheld from the employee's paycheck.

The employer does not typically submit Form W-4 to the IRS but will keep a copy on file.

See [IRS's Publication 15 – Employer Tax Guide](#) for more information on federal withholding.



Step 4: Submit the New Hire Reporting Form

Employers are required to report newly hired employees (and re-hired employees) to the Montana Department of Public Health & Human Services within 20 days of the employee's hire date.

Employee Information that will be needed on the new hire form includes the employee's name, home address, home phone number, Social Security Number, date of birth, and the employee's date of hire or the first day the employee begins work.

The employer section includes Federal Employer Identification Number, business name, mailing address, state of hire, business phone number, and date health insurance is available, should it be a benefit.

Go to their website at [Montana Department of Public Health & Human Services](https://dphhs.mt.gov/cssd/employerinfo/newhirereporting),
<https://dphhs.mt.gov/cssd/employerinfo/newhirereporting>



Step 5: Set Up Payroll Taxes

After hiring employees, payroll taxes will need to be paid. Payroll taxes include:

Federal Income Tax Withholding

Employers withhold money from each employee's paycheck to pay the employee's federal income taxes based on the information provided in their W-4. The employer pays no part of the withholding tax but is responsible for collecting and remitting the withheld taxes.

Federal income tax withholding reports are filed using [Form W-2, Wage, and Tax Statement](#) with the IRS. Additionally, [IRS Form 941](#) is due quarterly, and [IRS Form 940](#) is filed annually to report any unemployment taxes due.

State Income Tax Withholding

Similar to federal income tax withholding, taxes are withheld from an employee's paycheck for state income taxes. <https://mtrevenue.gov/taxes/#IndividualIncomeTax> Look for withholding tax

Social Security & Medicare

Social Security and Medicare taxes are paid under the Federal Insurance Contributions Act (FICA). The employer pays half of FICA, and the other half is paid from the employee's wages.

Unemployment Insurance

Employers pay state and federal unemployment taxes based on a percentage of each employee's salary. This tax is known as State Unemployment Taxes (SUTA) and Federal Unemployment Taxes (FUTA).

Step 6: Obtain Workers' Compensation Insurance

All businesses with employees (even a single part-time employee) are required to carry workers' compensation insurance coverage to cover medical costs if employees are injured on the job. Worker's Compensation Insurance is administered through the [Montana Department of Labor & Industry](#).

Talk to your own insurance provider first to see if they provide this type of coverage.

Montana State Fund <https://www.montanastatefund.com/web/>



Step 7: Display Labor Law Posters and Required Notices

Montana businesses must display Federal and State of Montana labor law posters where they can be easily viewed by employees. These posters inform employees of their rights and employer responsibilities under labor laws, such as federal minimum wage, anti-discrimination laws, and workers' compensation rights.

[Montana labor law posters](#) can be individually printed from the Montana Department of Labor & Industry's website.

Do you need an Employee Handbook?

Additional Employer Resources

<https://wsd.dli.mt.gov/employers/>



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MONTANA'S MINIMUM WAGE
(Effective 1/1/2024)

\$10.30*

*The minimum wage is subject to a cost-of-living adjustment based on the Consumer Price Index no later than September 30th of each year. Montana's minimum wage is to be the greater of the federal or current state minimum wage.

Exception: A business not covered by the Fair Labor Standards Act whose gross annual sales are \$110,000 or less may pay \$4.00 per hour. **However,** if an individual employee is producing or moving goods between states or otherwise covered by the Fair Labor Standards Act, that employee must be paid the greater of either the federal minimum wage or Montana's minimum wage.

NO TIP CREDIT, TRAINING WAGE OR MEAL CREDIT IS ALLOWED IN THE STATE OF MONTANA

OVERTIME PAY

Employees who work in excess of 40 hours in a workweek must receive overtime compensation at a rate of at least 1½ times their regular hourly rate for those hours worked over 40. There are exclusions from overtime pay. This information can be obtained by calling our office at (406) 444-6543.

PAYMENT OF WAGES

WHILE STILL EMPLOYED: An employee must be paid within 10 business days after the end of the pay period.

WHEN SEPARATED FROM EMPLOYMENT: When an employee quits, wages are due on the next scheduled pay day for the period in which the employee was separated, or 15 calendar days, whichever occurs first.

TERMINATED FOR CAUSE: When an employee is laid off or discharged, all wages are due immediately (within four hours or end of the business day, whichever occurs first), unless the employer has a preexisting, written policy that extends the time for payment. The wages cannot be delayed beyond the next pay day for the period in which the separation occurred, or 15 calendar days, whichever occurs first.

FOR ADDITIONAL INFORMATION PLEASE CONTACT:

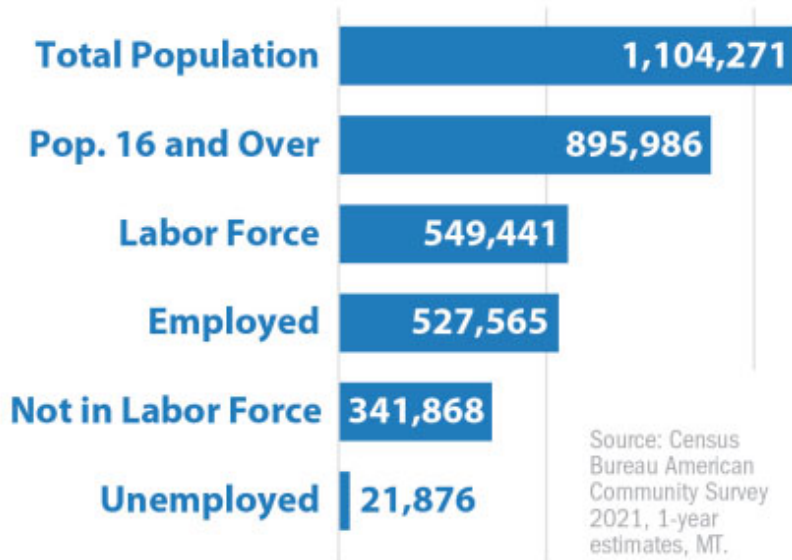
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Please visit us on the web at:
www.mtwagehourbopa.com

MT Worker Stats

The Montana Worker By the Numbers

Montana Population by Labor Force Status



61.8%
Employed or
Available to Work

58.9%
Employed

61.8 % of Montana's working age population (16+) are working or available for work, ranking 35th among states by labor force participation rate. 58.9% are employed.

Both rates are slightly higher than the national average.



Tools to Help

IWT

<https://wsd.dli.mt.gov/employers/incumbent-worker-training-program/>

WOTC

<https://wsd.dli.mt.gov/employers/wotc>

LMI

<https://lmi.mt.gov/>

Job Service <https://wsd.dli.mt.gov/employers/business-services>

Employer Testing of job Candidates

Cost of Turnover Calculator

Publications

<https://lmi.mt.gov/Publications/index>



Questions

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