Payroll Compliance Checklist

**Instructions:** Tick each box once you have completed the task.

| **Category** | **Task** |
| --- | --- |
| **Employee Classification** |  Classify workers correctly as either employees (W-2) or independent contractors (1099) |
| **New Hire Reporting** |  Report new hire to the appropriate state agency |
| **Worker’s Compensation Insurance** |  Purchase worker’s compensation insurance (if applicable) |
| **Tax Withholding** |  Calculate and withhold federal income tax |
|  Calculate and withhold state and local tax (if applicable) |
|  Withhold Social Security and Medicare taxes (FICA Taxes) |
| **Employer Taxes** |  Pay employer portion of Social Security and Medicare taxes |
|  Pay federal unemployment tax (FUTA) |
|  Pay state unemployment tax (SUTA) |
| **Reporting and Filing** |  File quarterly Form 941 (Employer’s Quarterly Federal Tax Return) |
|  File annual Form 940 (Employer’s Annual Federal Unemployment Tax Return) |
|  Issue W-2 forms to employees annually |
|  File W-2 forms with the Social Security Administration |
|  Issue 1099 Forms to independent contractors (if applicable) |
| **Wage and Hour Laws** |  Comply with minimum wage requirements |
|  Set regular pay run schedules and pay employees on time |
|  Pay overtime for eligible employees |
|  Take note of tipped minimum wage and tip pooling laws (if applicable) |
|  Maintain accurate time records |
| **Payroll Garnishment Deductions** |  Deduct court-ordered payroll garnishments from salary (if any) |
| **Employee Benefits** |  Administer any offered benefits (i.e. health insurance, retirement plans, etc.) |
|  Ensure proper deductions for benefits |
| **Record Keeping** |  Maintain accurate payroll records for at least three years  |
|  Keep tax documents for at least four years |

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