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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