

# Legal Compliance Checklist for Employers

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All employers should regularly assess their compliance with legal requirements, including the following:

- (1) The employer has applied for and been assigned a federal employer identification number by the Internal Revenue Service (IRS).

<https://sa.www4.irs.gov/modiein/individual/index.jsp>

- (2) The employer has registered with the California Employment Development Department (EDD) and secured an EDD account number.

See “How to Register with the EDD” and “Employer Payroll Tax Account Number” at [http://www.edd.ca.gov/Payroll\\_Taxes/Am\\_I\\_Required\\_to\\_Register\\_as\\_an\\_Employer.htm](http://www.edd.ca.gov/Payroll_Taxes/Am_I_Required_to_Register_as_an_Employer.htm)

- (3) The employer withholds federal and state income taxes and federal social security, (FICA) taxes from taxable wages paid to employees, pays the employer share of FICA taxes, and deposits all such funds in a timely manner and with the appropriate IRS and EDD forms.

For information on California payroll taxes, see [http://www.edd.ca.gov/Payroll\\_Taxes/](http://www.edd.ca.gov/Payroll_Taxes/).

- (4) The employer withholds state disability insurance from taxable wages paid to employees, and deposits all such funds in a timely manner with EDD, or establishes a state-approved private disability insurance plan.

For information on California disability insurance, see [http://www.edd.ca.gov/disability/Employers\\_and\\_Self-Employed\\_Information.htm](http://www.edd.ca.gov/disability/Employers_and_Self-Employed_Information.htm).

- (5) The employer purchases workers’ compensation insurance through an authorized insurance company or from the State, or secures consent to self-insure. If the business has volunteers, the leadership has declared that the business’s volunteers are employees for workers’ compensation purposes, and the business has so notified its insurance carrier.

For information on California workers’ compensation insurance, see [http://www.edd.ca.gov/disability/Employers\\_and\\_Self-Employed\\_Information.htm](http://www.edd.ca.gov/disability/Employers_and_Self-Employed_Information.htm).

- (6) The employer pays state unemployment insurance or elects the reimbursement method.
- (7) The employer pays any local city-imposed payroll tax.
- (8) The employer obtains a completed federal Form I-9 from all new employees.

<https://www.uscis.gov/i-9>

(9) The employer reports all newly hired employees to the EDD.

[http://www.edd.ca.gov/payroll\\_taxes/new\\_hire\\_reporting.htm](http://www.edd.ca.gov/payroll_taxes/new_hire_reporting.htm)

(10) The employer notifies employees about the Earned Income Credit.

(11) The employer obtains a completed IRS Form W-4 and state Form DE 4 from each employee.

<https://www.irs.gov/uac/about-form-w4>

[http://www.edd.ca.gov/payroll\\_taxes/forms\\_and\\_publications.htm](http://www.edd.ca.gov/payroll_taxes/forms_and_publications.htm)

(12) The employer furnishes each employee with a completed IRS Form W-2 by January 31 for the previous calendar year.

<https://www.irs.gov/uac/about-form-w2>

(13) The employer posts or provides to all employees the required employment notices.

(14) The employer complies with wage and hours laws, workplace safety laws, and nondiscrimination laws.

(15) The employer complies with all employee benefit plan requirements.

(16) The employer complies with all written personnel policies and procedures.

(17) The employer prepares proper documentation of all independent contractor arrangements, and reports compensation to independent contractors on IRS Form 1099 MISC and California Form DE 542.

<https://www.irs.gov/uac/about-form-1099misc>

[http://www.edd.ca.gov/Payroll\\_Taxes/Independent\\_Contractor\\_Reporting.htm](http://www.edd.ca.gov/Payroll_Taxes/Independent_Contractor_Reporting.htm)

(18) If it employs greater than 50 employees, the employer offers affordable health care or pays a fee.

For additional help with employer legal compliance, see EDD's Employer Services webpage at [http://www.edd.ca.gov/Employer\\_Services.htm](http://www.edd.ca.gov/Employer_Services.htm).