

Payroll Compliance Checklist for Nail Salon Owners

Proper payroll management helps protect your business from penalties, audits, and employee disputes. Use this checklist periodically to ensure your salon remains compliant.

Employee Classification

- ☐ Review all workers to confirm they are properly classified as employees or independent contractors
 - ☐ Maintain documentation supporting worker classifications
 - ☐ Review any booth rental arrangements to ensure they comply with applicable laws
 - ☐ Consult a professional if worker responsibilities have changed
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Employee Records

- ☐ Maintain complete personnel files for all employees
 - ☐ Verify employee contact information is current
 - ☐ Retain completed hiring paperwork
 - ☐ Maintain records of pay rates and compensation agreements
 - ☐ Keep required payroll records organized and accessible
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New Hire Compliance

- ☐ Complete all required new hire paperwork
 - ☐ Report new hires to the appropriate state agency
 - ☐ Verify employment eligibility documentation has been completed
 - ☐ Obtain state and federal withholding forms
 - ☐ Establish payroll records before issuing the first paycheck
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Payroll Processing

- ☐ Verify employee hours before processing payroll
 - ☐ Review overtime calculations
 - ☐ Confirm commission calculations are accurate
 - ☐ Verify bonus payments are properly recorded
 - ☐ Review payroll reports for accuracy before submitting payroll
 - ☐ Maintain records of all payroll runs
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Payroll Tax Compliance

- ☐ Verify payroll tax deposits are made on time
 - ☐ Review federal payroll tax filing requirements
 - ☐ Review state payroll tax filing requirements
 - ☐ Confirm all payroll tax returns have been filed
 - ☐ Retain copies of payroll tax filings
 - ☐ Address any payroll tax notices immediately
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Employee Paychecks

- ☐ Verify employees are paid according to applicable wage laws
 - ☐ Ensure pay stubs contain required information
 - ☐ Confirm payroll deductions are properly calculated
 - ☐ Review direct deposit information periodically
 - ☐ Verify final paychecks are handled according to state requirements
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Benefits & Deductions

- ☐ Verify benefit deductions are accurate
 - ☐ Review retirement plan contributions, if applicable
 - ☐ Confirm health insurance deductions are properly recorded
 - ☐ Maintain documentation supporting payroll deductions
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Independent Contractors

- ☐ Maintain current W-9 forms
 - ☐ Track contractor payments throughout the year
 - ☐ Review contractor relationships annually
 - ☐ Verify contractors are not performing duties that may require employee classification
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Workers' Compensation & Insurance

- ☐ Maintain required workers' compensation coverage
 - ☐ Review coverage annually
 - ☐ Report workplace injuries as required
 - ☐ Retain workers' compensation records
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Record Retention

- ☐ Maintain payroll records for required retention periods
- ☐ Retain employee tax forms
- ☐ Retain payroll reports and filings
- ☐ Maintain secure digital backups
- ☐ Store payroll records in a secure location

Year-End Payroll Review

- ☐ Verify employee information before year-end reporting
 - ☐ Review payroll totals for accuracy
 - ☐ Confirm contractor payment records are complete
 - ☐ Resolve payroll discrepancies before year-end filings
 - ☐ Review payroll tax notices received during the year
 - ☐ Prepare for annual payroll reporting requirements
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Common Payroll Issues We See

- ☐ Worker misclassification
 - ☐ Late payroll tax deposits
 - ☐ Missing employee paperwork
 - ☐ Inaccurate overtime calculations
 - ☐ Unreported contractor payments
 - ☐ Payroll records that don't match tax filings
 - ☐ Ignored IRS or state payroll notices
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Pro Tip

Payroll tax penalties can accumulate quickly, even when mistakes are unintentional. Reviewing payroll compliance regularly can help identify issues before they become costly problems.

Need Help?

MAS assists nail salon owners with payroll processing, payroll tax filings, worker classification questions, compliance reviews, and payroll problem resolution. If you're unsure whether your payroll processes are compliant, we're happy to help. www.melissasadminservices.com