Expanded Compliance FAQ

HR • Payroll • State Compliance • State Annual Reports

84 questions for small & midsize businesses

Purpose: A public-facing educational guide designed to help small and midsize businesses understand common HR, payroll, state compliance, and annual report requirements. It provides general awareness while protecting WMP Compliance Partners' proprietary filing procedures, internal workflows, audit methods, and client-specific processes.

Important: State and local laws vary and can change. This resource provides general educational information, not legal, tax, accounting, insurance, or financial advice.

General Compliance FAQs

Start here: six broad questions that explain why compliance is not one-size-fits-all.

1. Does every business have the same compliance requirements?

No. Requirements can differ based on business structure, industry, location, activities, workforce size, and where employees actually work.

2. Does being a small business automatically exempt a company from compliance requirements?

No. Some laws have size or coverage thresholds, but there is no blanket small-business exemption from employment, payroll, tax, licensing, registration, or entity-maintenance requirements.

3. Are federal requirements the only rules a business needs to consider?

No. State and local requirements can apply in addition to federal law, and they may be more protective or impose separate registration, notice, wage, leave, tax, or licensing obligations.

4. Can compliance obligations change as a business grows?

Yes. Hiring employees, increasing headcount, changing business activities, opening locations, adding remote workers, or expanding into another jurisdiction can change which requirements apply.

5. Can remote or multi-state work create additional compliance considerations?

Yes. An employee's work location can affect employment laws, payroll taxes, unemployment, leave programs, notices, registrations, and other state or local obligations.

6. If a business uses an outside payroll, HR, or filing provider, does that remove the business's responsibility?

Not necessarily. Outsourcing administrative work does not automatically transfer the employer's underlying legal or tax responsibilities. The business should understand what the provider handles and what remains with the employer.

HR Compliance FAQs

High-level employment compliance questions for small and midsize employers.

7. Do federal employment discrimination laws apply to every employer?

Coverage depends on the law and employer size. Most federal laws enforced by the EEOC apply to private employers with at least 15 employees; federal age-discrimination coverage generally begins at 20 employees. State or local laws may apply at lower thresholds.

8. Can part-time, temporary, or seasonal workers affect employee-count thresholds?

Yes. Depending on the law, workers other than full-time employees may count toward coverage. Counting rules differ by statute, so the applicable law must be reviewed.

9. Is an employee handbook required by federal law?

There is no single federal law requiring every private employer to maintain a general employee handbook. However, particular notices, policies, or communications may be required by federal, state, or local law.

10. Are written job descriptions required for every position?

Not generally under federal law. Even so, accurate job information can be important when evaluating duties, essential functions, accommodations, pay classification, and workplace expectations.

11. Do employers generally need Form I-9 for new employees?

Yes. Employers generally must verify employment authorization and identity for individuals hired for employment in the United States, subject to limited exceptions under federal law.

12. Does E-Verify replace Form I-9?

No. E-Verify uses information from Form I-9; it does not replace the employer's Form I-9 responsibility. E-Verify participation requirements vary for certain employers and jurisdictions.

13. Do employment background checks create compliance obligations?

Yes. When an employer uses a third-party background reporting company, the federal Fair Credit Reporting Act can apply, and anti-discrimination laws also govern how background information is used. State and local restrictions may add requirements.

14. Does employee medical or accommodation information require special confidentiality?

Generally, yes. Federal employment-discrimination laws restrict access to certain medical and genetic information, and covered employers may need to keep medical information confidential and separate from ordinary personnel records.

15. Can employers have reasonable-accommodation responsibilities?

Yes. Depending on coverage and the circumstances, federal law may require reasonable accommodations related to disability, religion, pregnancy, childbirth, or related medical conditions unless the applicable legal standard permits denial.

16. Does the Pregnant Workers Fairness Act apply to small and midsize employers?

The federal PWFA generally applies to covered employers with 15 or more employees. State or local pregnancy-accommodation laws may provide additional protections.

17. Does the federal FMLA apply to every small business?

No. Private-sector FMLA coverage generally applies to employers with 50 or more employees in 20 or more workweeks in the current or previous calendar year. Employee eligibility has separate requirements.

18. Can state or local leave laws apply even when federal FMLA does not?

Yes. States and localities may have paid sick leave, family and medical leave, pregnancy leave, military leave, or other protected-leave requirements with different coverage thresholds.

19. Does paying an employee a salary automatically make the employee exempt from overtime?

No. Under federal law, job title or salary alone does not establish an overtime exemption. The applicable salary and duties requirements must be satisfied, and state law may use different or more protective standards.

20. Can nonexempt employees work 'off the clock'?

Generally no. Under the FLSA, time an employer requires, allows, knows about, or has reason to believe is being worked can be compensable work time.

21. Does federal law require meal and rest breaks for adult employees?

The FLSA generally does not require meal or rest breaks for adult workers, but federal rules affect whether breaks that are provided must be paid. State or local law may separately require breaks.

22. Must a terminated employee receive the final paycheck immediately?

Federal law does not require immediate final payment, but state law may require payment sooner than the next regular payday or may impose other final-pay requirements.

23. Can workplace poster requirements apply to small businesses?

Yes. Required postings depend on the laws that cover the employer. State and local posting or notice requirements may apply in addition to federal requirements.

24. Do employers have federal obligations for employees who need to pump breast milk at work?

In general, most employees covered by the FLSA have rights to reasonable break time and an appropriate private space to pump for up to one year after a child's birth. A narrow undue-hardship provision may apply to some employers with fewer than 50 employees.

25. Do workplace safety requirements apply to small businesses?

Many employers are covered by federal OSHA or an OSHA-approved state plan. Specific recordkeeping and other requirements can vary by employer size, industry, hazard, and jurisdiction.

26. Are harassment and retaliation compliance issues even for smaller employers?

Yes. Covered employers may not discriminate, unlawfully harass, or retaliate against protected activity under federal law, and state or local laws may cover smaller employers or provide broader protections.

Payroll Compliance FAQs

Common payroll compliance questions - focused on awareness, not processing instructions.

27. If a payroll provider processes payroll, is the employer no longer responsible for payroll-tax compliance?

No. Using a payroll provider does not automatically eliminate the employer's responsibility for employment taxes, accurate information, timely filings, or amounts due.

28. Do employers generally have federal payroll-tax responsibilities?

Yes. Most employers have responsibilities involving federal income-tax withholding, Social Security and Medicare taxes, and federal unemployment tax, subject to applicable exceptions.

29. Can state and local payroll taxes apply in addition to federal taxes?

Yes. State income-tax withholding, unemployment contributions, local income or occupational taxes, and other payroll-related obligations depend on the employee's work location and applicable law.

30. Can having employees in more than one state change payroll compliance requirements?

Yes. Different states may have different withholding, unemployment, wage, pay-statement, leave-contribution, disability, and local-tax requirements.

31. Can an employee's move to another state affect payroll?

Yes. A change in where an employee works can affect withholding, unemployment, local taxes, wage laws, state programs, and employer registrations.

32. Does every employee need to complete a new Form W-4 every year?

No. Employers generally continue using a valid Form W-4 already on file unless the employee submits a new one or a specific rule requires an update. Special rules apply to employees claiming exemption from federal income-tax withholding.

33. Do employers generally issue Form W-2 to employees?

Yes. Employers generally use Form W-2 to report wages and certain taxes for employees, subject to federal reporting rules.

34. Does giving a worker Form 1099 automatically make that person an independent contractor?

No. Worker status depends on the actual relationship and the applicable legal test, not merely the form used, job title, or contract label.

35. Can worker classification affect payroll taxes and reporting?

Yes. Employee-versus-independent-contractor classification can change withholding, employment taxes, wage-and-hour protections, and information-reporting obligations.

36. Are bonuses generally treated as wages for payroll-tax purposes?

Generally, yes. Bonuses are typically treated as wages and are generally subject to employment-tax and reporting rules, although withholding methods and special circumstances can vary.

37. Are employer-provided fringe benefits always tax-free?

No. The IRS generally treats fringe benefits as taxable unless a specific exclusion applies. The tax treatment depends on the type of benefit and the facts.

38. Can reimbursements have payroll-tax consequences?

Yes. Whether a reimbursement is excluded from wages can depend on the type of expense and whether applicable IRS requirements are met.

39. Does federal overtime generally apply after 40 hours in a workweek?

For covered, nonexempt employees, the FLSA generally requires overtime pay for hours worked over 40 in a workweek. State law may provide additional or more protective overtime rules.

40. Are payroll deductions subject to compliance rules?

Yes. Federal and state laws can limit or regulate deductions, including whether a deduction may reduce pay below required minimum wage or overtime.

41. Can states regulate how often employees must be paid?

Yes. Pay-frequency requirements are commonly established by state law and can vary by employee type, industry, or method of pay.

42. Are pay-statement requirements the same in every state?

No. Many states and localities specify information that must appear on wage statements, while requirements vary by jurisdiction.

43. Are wage garnishments and support orders payroll-compliance issues?

Yes. Employers may have obligations under federal and state rules governing withholding orders, protected earnings, priority, and remittance.

44. Can unemployment-tax obligations apply at both federal and state levels?

Yes. Federal unemployment tax and state unemployment programs are separate systems, and state coverage, registration, rates, and wage bases vary.

45. Can state paid-leave or disability programs affect payroll?

Yes. Some jurisdictions fund paid family/medical leave, disability, or similar programs through employer and/or employee payroll contributions.

46. Are employers required to retain payroll and employment-tax records?

Yes. Federal rules require retention of specified payroll and employment-tax records, and state laws may impose additional or longer retention requirements.

State Compliance FAQs

Business registration, good standing, state accounts, licensing, and multi-jurisdiction awareness.

47. What does 'state compliance' mean for a business?

It is a broad term that can include entity registration, registered-agent information, licenses and permits, tax or employer accounts, state notices, good-standing requirements, and recurring state obligations.

48. Is registering a business entity with a state the same as registering for state taxes?

No. Entity registration and tax registration are separate processes and may involve different agencies, account numbers, and obligations.

49. What is foreign qualification?

Foreign qualification generally means registering an entity formed in one state to conduct business in another state where registration is required.

50. Can having an employee in another state create state-compliance issues?

Yes. The SBA identifies employees working in a state as one factor that can create registration considerations, and the work location can also create employer-tax and employment-law obligations.

51. Can a remote employee create compliance obligations in a state where the company has no office?

Yes. A physical office is not the only factor. An employee's work location can create payroll, unemployment, labor-law, state-program, and sometimes entity-registration considerations.

52. Does forming a company in one state mean it only has obligations in that state?

No. Activities in other states may create registration, tax, licensing, employment, or recurring filing obligations there.

53. What is a registered agent?

A registered agent is a person or service designated to receive official papers and legal documents for an entity in a state where the entity is registered.

54. What does 'good standing' generally mean?

Terminology varies by state, but it generally refers to an entity status indicating that specified state maintenance requirements have been met. It is not a guarantee that every tax, payroll, employment, or licensing obligation is satisfied.

55. Is a certificate of good standing the same as being registered to do business in another state?

No. A certificate generally provides evidence of an entity's status in a particular jurisdiction; it does not by itself create foreign qualification in another state.

56. Can a DBA, trade name, or assumed name have separate requirements?

Yes. Name-registration rules vary by state and locality and can be separate from the entity's formation or foreign qualification.

57. Are business licenses and permits the same as state entity registration?

No. Licenses and permits can apply at state, county, city, professional, or industry levels and are separate from entity registration.

58. Can local governments impose business-compliance requirements?

Yes. Cities and counties may impose licensing, tax, registration, zoning, wage, or other requirements in addition to state and federal rules.

59. Is sales/use-tax registration the same as business registration?

No. Sales/use-tax registration is a tax obligation based on applicable state rules and business activities; it is separate from entity formation or foreign qualification.

60. Are employer withholding and unemployment accounts separate from entity registration?

Yes. Employer tax accounts are generally separate from Secretary of State or comparable entity registrations, even when both are required in the same state.

61. Can workers' compensation or state leave/disability programs be part of state compliance?

Yes. State law may require workers' compensation coverage or participation in paid-leave, disability, or similar employer programs depending on the workforce and jurisdiction.

62. Can changes to a business name, address, registered agent, or management create state filing obligations?

Yes. States may require entity records to be updated when specified information changes, although the required filing and timing vary.

63. If a business has no revenue or is temporarily inactive, do state obligations automatically stop?

Not necessarily. An entity or account can remain subject to filings, fees, renewals, or notices while it remains registered or active under state law.

64. If a business stops operating in a state, do registrations automatically disappear?

No. Ending activity does not necessarily terminate state registrations, tax accounts, licenses, or recurring obligations. The status of each registration must be considered separately.

65. Are multi-state compliance requirements the same in every state?

No. Registration triggers, fees, annual filings, taxes, employer programs, licensing, and terminology vary by jurisdiction.

State Annual Report FAQs

Recurring business-entity reports - kept separate from broader state compliance.

66. What is a state annual report?

It is a recurring business-entity filing used by a state to maintain current information about an entity and its status. Required information varies by state and entity type.

67. Does every state require an annual report from every business?

No. Requirements vary by state and entity type. The SBA notes that most states require an annual report or biennial statement, but frequency and applicability are not uniform.

68. Is every recurring state filing actually called an 'annual report'?

No. States may use names such as annual report, biennial statement, periodic report, statement of information, or another term.

69. Is a state annual report the same as an income-tax return?

No. A recurring entity report is generally a business-entity maintenance filing, while income-tax returns are tax filings. A business may have obligations for both.

70. Is a state annual report the same as a company's financial annual report?

Generally no. State entity reports usually focus on entity information and status rather than serving as a full financial statement to owners, lenders, or investors.

71. Do all states use the same annual-report due date?

No. Some states use fixed calendar dates, while others use anniversary-based or other schedules. Due dates can also differ by entity type.

72. Do corporations, LLCs, partnerships, and nonprofits always have the same recurring filing requirements?

No. Frequency, forms, fees, and exemptions can differ by entity type and jurisdiction.

73. Can a foreign-qualified business have recurring reports in more than one state?

Yes. A business may have recurring entity obligations in its formation state and in states where it remains foreign qualified.

74. If nothing changed during the year, can an annual or biennial filing still be required?

Yes. In many jurisdictions, the recurring filing is required even when the entity information has not changed.

75. If a business had no revenue or transactions, can a recurring entity report still be due?

Yes. Filing obligations often depend on the entity's registration or status, not solely on whether the business generated revenue.

76. Do annual or biennial reports usually have filing fees?

Many states charge a filing fee, but the amount and structure vary widely by jurisdiction and entity type.

77. Can missing a recurring state report affect an entity's status?

Yes. Depending on the state, missed filings can lead to late fees, delinquent status, loss of good standing, administrative dissolution, or revocation of authority.

78. Is good standing connected to recurring entity filings?

Often, yes. Keeping required entity filings and related state obligations current can be part of maintaining good standing, but each state's standards differ.

79. Can an annual report be used to update every type of company change?

Not always. Some states allow certain updates on the recurring report, while other changes may require a separate filing.

80. Is an annual report the same as a franchise-tax filing?

No. They are different concepts, although some states connect an annual entity filing with a franchise tax or other state charge.

81. Is changing a registered agent always handled through the annual report?

No. Some jurisdictions allow certain changes through a recurring report, while others require a separate change filing.

82. Can nonprofit organizations have recurring state-report obligations?

Yes. Nonprofits may have recurring entity filings and may also have separate charitable-registration or tax-related obligations depending on the jurisdiction and activities.

83. If a business stops operating, do annual-report obligations automatically end?

Not necessarily. Recurring obligations can continue while the entity remains active or registered in the state, even after business activity has stopped.

84. Does filing an annual report mean the business is fully compliant with HR, payroll, tax, licensing, and other laws?

No. An annual or periodic entity report addresses only part of a business's compliance responsibilities. Other federal, state, and local obligations are separate.

Authoritative Sources Used for the 2026 Review

This FAQ was reviewed against current federal agency guidance available in September 2026. State and local requirements must be checked separately for the jurisdictions involved.

- U.S. Small Business Administration - Launch Your Business / Register Your Business
- U.S. Small Business Administration - Manage Your Business / Ongoing State Filing Requirements
- IRS Publication 15 (2026) - Employer's Tax Guide
- IRS Publication 15-B (2026) - Employer's Tax Guide to Fringe Benefits
- IRS - Employment Taxes
- IRS - State Government Websites
- U.S. Department of Labor - Fair Labor Standards Act
- U.S. Department of Labor - FMLA Fact Sheet #28
- U.S. Department of Labor - FLSA Protections to Pump at Work
- U.S. Equal Employment Opportunity Commission - Small Business Resource Center
- U.S. Equal Employment Opportunity Commission - Pregnant Workers Fairness Act
- U.S. Citizenship and Immigration Services - I-9 Central
- Occupational Safety and Health Administration - Employer Responsibilities
- Federal Trade Commission - Background Checks: What Employers Need to Know

Disclaimer: This FAQ is for general educational and informational purposes only. It is not legal, tax, accounting, insurance, financial, or other professional advice and is not intended to identify every requirement that may apply to a particular business. Requirements vary by jurisdiction and business circumstances and may change. Verify current requirements with the appropriate government agency or qualified professional.