

Title:

Payroll Arizona, Unique Aspects of Arizona Payroll Law and Practice

Word Count:

818

Summary:

Arizona payroll has some unique aspects and conditions. Some of the details and laws are set out in this article including information concerning: tax withholding and reporting; unemployment insurance taxes and reporting; wage and hour laws; and child support withholding.

Keywords:

Payroll Arizona, Arizona payroll, payroll, payroll taxes, payroll withholding, payroll service

Article Body:

**The Arizona State Agency that oversees the collection and reporting of State income taxes deducted from payroll checks is:**

Department of Revenue  
1600 W. Monroe St.  
P.O. Box 29009  
Phoenix, AZ 85038-9009  
602-255-2060 or 800-843-7196  
[www.revenue.state.az.us/#WithholdingTax](http://www.revenue.state.az.us/#WithholdingTax)

Arizona requires that you use Arizona form "A-4, Employee's Arizona Withholding Percentage Election" instead of a Federal W-4 Form for Arizona State Income Tax Withholding.

Not all states allow salary reductions made under Section 125 cafeteria plans or 401(k) to be treated in the same manner as the IRS code allows. In Arizona cafeteria plans and 401(k)'s are not taxable for income tax calculation and are not taxable for unemployment purposes.

There is no provision in Arizona payroll law concerning supplemental wage tax rates.

You may file your Arizona State W-2s by magnetic media if you choose to.

**The Arizona State Unemployment Insurance Agency is:**

Department of Economic Security  
Unemployment Tax Division  
P.O. Box 6028  
SAT Code 911B  
Phoenix, AZ 85005  
602-248-9354  
[www.de.state.az.us/links/esa/index.html](http://www.de.state.az.us/links/esa/index.html)

The State of Arizona taxable wage base for unemployment purposes is wages up to \$7000.00. Meaning that unemployment tax will only be calculated on the first \$7000.00 of an employee's wages each year.

Arizona magnetic media reporting of quarterly wage reporting is optional.

Unemployment records must be retained in Arizona for a minimum period of four years. This information generally includes: name; social security number; dates of hire, rehire and termination; wages by period; payroll pay periods and pay dates; date and circumstances of termination.

**<b>The Arizona State Agency charged with enforcing the state wage and hour laws is:</b>**

Labor Department  
P.O. Box 19070  
Phoenix, AZ 85005-9070  
602-542-4515  
[www.ica.state.az.us/labor/labortop.htm](http://www.ica.state.az.us/labor/labortop.htm)

There is no general provision for minimum wage in the State of Arizona.

There is also no general provision in Arizona State Law covering paying overtime in a non-FLSA covered employer.

Arizona State new hire reporting requirements are that every employer must report every new hire and rehire. The employer must report the federally required elements of:

- <li>Employee's name</li>
- <li>Employee's address</li>
- <li>Employee's social security number</li>
- <li>Employer's name</li>

<li>Employers address</li>

<li>Employer's Federal Employer Identification Number (EIN) </li></ul>

This information must be reported within 20 days of the hiring or rehiring. The information can be sent as a W4 or equivalent by mail, fax or electronically.

There is no penalty for a late report in Arizona.

The Arizona new hire reporting agency can be reached at 888-282-2064 / 602-340-0555 or on the web at [www.az-newhire.com](http://www.az-newhire.com) .

Arizona does not allow compulsory direct deposit.

Arizona requires the following information on an employee's pay stub: Earnings and deductions if employee paid by direct deposit. information. In Arizona pay frequency is semimonthly within 16 days of each other; FLSA-exempt employees can be paid monthly by out of state employer.

The lag time between when the services are performed and when the employee must be paid is five days after the pay period (10 days if payroll system is out of state); 16 days for exception or overtime pay.

Arizona payroll law requires that involuntarily terminated employees must be paid their final pay within 3 working days and that voluntarily terminated employees must be paid their final pay by the next regular payday or by mail if employee requests it.

Deceased employee's wages up to a maximum of \$5000.00 must be paid to the surviving spouse after an affidavit showing employee's death and status of surviving spouse is tendered.

Escheat laws in Arizona require that unclaimed wages be paid over to the state after one year.

The employer is further required in Arizona to keep a record of the wages abandoned and turned over to the state for a period of five years.

There is no provision in Arizona law concerning tip credits against State minimum wage.

In the Arizona payroll law there is no provision covering required rest or meal periods.

There is no provision in Arizona law concerning record retention of wage and

hour records therefor it is probably wise to follow FLSA guidelines.

**<b>The Arizona agency charged with enforcing Child Support Orders and laws is:</b>**

Division of Child Support Enforcement  
3443 N. Central Ave., 4th Fl.  
Phoenix, AZ 85012  
602-252-4045  
[www.de.state.az.us/links/dsce/index.html](http://www.de.state.az.us/links/dsce/index.html)

Arizona has the following provisions for child support deductions:

**<ul><li>When to start Withholding?      <b>14 days after receipt of order.</li></b>**  
**<li>When to send Payment?      <b>Within 2 days of Payday.</li></b>**  
**<li>When to send Termination Notice?      <b>Within 10 days of termination.</li></b>**  
**<li>Max Administrative Fee?      <b>greater of \$4 per mo. or \$1 per pay period.</li></b>**  
**<li>Withholding Limits?      <b>50% of disposable earnings</li></b>**  
**</ul>**

Please note that this article is not updated for changes that can and will happen from time to time.