

EMPLOYMENT LAW SUMMARY

Arizona Employer Recordkeeping Requirements



Because You're Different

Federal Laws, such as the Federal Insurance Contribution Act, the Fair Labor Standards Act (FLSA), the Equal Pay Act and the Civil Rights Act, impose recordkeeping duties on employers. Recordkeeping duties include creating, updating and preserving information.

Arizona law also imposes several recordkeeping requirements on employers. These state recordkeeping requirements operate in addition to (or in conjunction with) federal requirements. The summary below provides an overview of general state law recordkeeping requirements that apply to employers in Arizona.

ARIZONA CIVIL RIGHTS LAW

The Arizona Civil Rights Law (CRL) prohibits employment discrimination and requires employers to make and keep records to prove their compliance with fair employment practices.

These general recordkeeping requirements apply to all employers that have 15 or more employees for each working day during 20 or more calendar weeks in the current or preceding calendar year. For issues of sexual harassment, however, the recordkeeping requirements apply to every employer that has one or more employees during the current or previous calendar year.

Employers that believe these recordkeeping requirements present an undue hardship may apply for an exemption with the Arizona Civil Rights Division.

EMPLOYMENT ELIGIBILITY

Arizona law requires employers to verify employment eligibility, using the federal E-verify program, for every employee they hire. The law also requires employers to keep a record of these verifications for **at least three years** or throughout an employee's employment, whichever is longer.

UNEMPLOYMENT COMPENSATION

Arizona's Unemployment Compensation Law (UCL) requires employers to establish and preserve true and accurate records of disbursements made in cash, check or through any other medium. Examples of this type of record include:

- Check stubs and cancelled checks for all payments;
- Cash receipts and disbursement records;
- Payroll journals;
- Purchase journals;
- General journals; General ledgers;
- Payroll tax reports for all federal and state agencies; and
- Individual earnings records.

These records must be preserved for **at least four full calendar years**.

PAY PERIOD RECORDS

Employer records must include the following for each pay period:

- The beginning and ending date of the pay period;
- The total amount of remuneration paid during the pay period;
- The date when remuneration was paid during the pay period; and
- The date in each week on which the largest number of individuals worked and the number of individuals who worked on that day.

EMPLOYEE RECORDS

For each worker, employer records must include:

- The employee's full name;
- The employee's Social Security number;
- The employee's hire or rehire date, or the date when the employee returned to work after a temporary layoff;
- The date employment ended and the reason(s) for separation from work (if applicable);
- The amount of remuneration received in each calendar quarter;
- The place where the employee performed his or her services (city, town or county); and
- The remuneration the employee received for each pay period, showing separately:
 - Money wages, excluding special payments;
 - The reasonable cash value of remuneration that was not paid in cash; and
 - Special payments that are not due on any pay day (annual bonuses, gifts and prizes).

EXCEPTION

An employer may be exempt from the recordkeeping requirements under the UCL if it receives a letter from the [Arizona Department of Economic Security](#) (DES) indicating that maintaining these records is no longer required. The DES may exempt an employer from the recordkeeping requirements only if it determines that the employer is exempt from Arizona's unemployment compensation requirements.

WAGE AND HOUR LAWS

The Arizona Minimum Wage Act (MWA) requires employers to keep payroll records, including:

- All time and earning cards, which must either show the beginning and end of each employee's workday or the amount of work completed by each employee per day, week or pay period;
- All wage-rate tables or schedules that provide piece rates or other rates used in computing wages; and
- Records that support employee wage additions or deductions.

In addition, each employee payroll record must include:

- The employee's full name and identifying symbol or number (must be in the same record);
- The employee's home address (including ZIP code);
- The employee's date of birth (if the employee is under 19 years of age);
- The employee's occupation;
- The time of day and day of the week on which the employee's workweek begins (employers are allowed to keep a single entry for a group of employees who share the same beginning time);
- The employee's hourly rate of pay for any workweek, and an explanation of the basis for calculating wages;
- The number of hours worked each workday, and the total number of hours worked each workweek;
- The total daily or weekly straight-time wages (no overtime wages) due for work performed during a workweek;
- Total amount of overtime hours worked and the amount of overtime wages owed (including an explanation of how overtime wages were calculated);
- The total amount of additions and deductions, and an itemized list showing the date, amount and nature of each addition or deduction;
- The total amount of wages paid per pay period; and
- The date when wage payments are made (must include an indication of the pay period covered by the payment).

Modifications to these recordkeeping requirements are possible for:

- Executive, administrative and professional employees;
- Academic administrative personnel and teachers in elementary or secondary schools;
- Outside sales employees;
- Employees working on fixed schedules; and
- Tipped employees.

Employers must also keep records of any retroactive wage payments. These records must include the pay record, the amount of the payment made to each employee, the period covered by the payment and the date of payment.

All wage and hour records must be kept in a safe and accessible location. The records must be available for inspection **within 72 hours** of a Commission request.

SMALL EMPLOYER EXCEPTION

Employers with less than \$500,000 in gross annual revenue may obtain an exemption from the wage and hour recordkeeping requirements by filing a petition with the [Industrial Commission of Arizona](#) (ICA). To obtain this exception, an employer must show that the requirements impose an unreasonable burden.

An employer's petition for this exception must:

- State the reasons for the exception request;
- State an alternate recordkeeping manner, method or system that will enable the ICA to determine hours worked and wages paid; and
- Include the signature of the employer or the employer's authorized representative.

PENALTIES

Employers that violate wage and hour recordkeeping requirements may be ordered to pay a civil penalty of at least **\$250** for a first violation, and at least **\$1,000** for each subsequent or willful violation. Violators may also be subject to special monitoring and inspections by the ICA. In addition, employers that fail to keep wage and hour records may be charged with a petty offense punishable by a **fine of up to \$300** for individuals or **\$1,000** for enterprises.

WORKERS' COMPENSATION

While it is mandatory for all employers to provide workers' compensation coverage, Arizona's Workers' Compensation Act (WCA) allows employees to reject the coverage and retain the right to sue an employer for other remedies. To do so, an employee must provide a written, signed notice of his or her rejection to the employer, prior to sustaining any injuries. The employer must keep a copy of the rejection in its business records.

To ensure compliance with the WCA, employers must allow the ICA to inspect their payroll records and any other materials at any time. Employers or their insurance carriers must also maintain records of all injuries and claims. The ICA may enter any place of employment to collect this information, and employers may not refuse their admission.

SELF-INSURED EMPLOYERS

Self-insured employers under the WCA must keep clear, valid, accurate and understandable records. These records include all reports, books and data that relate to classifications, payroll, incurred-loss reserves, calculation of premiums, completion of workers' compensation liability forms and procedures for developing statistical information. In addition, self-insured employers must make these records readily available for review by the ICA.

GROUP SELF-INSURANCE

Self-insurance groups must appoint a group representative to maintain all signed financial reports and board meeting minutes. The self-insurance group must also make all board meeting reports, payroll documents, audits, investments, experience rating and records relating to the formation and operation of the group available to the ICA for inspection. The WCA requires the board for a self-insurance group to know the current location of these records.

WORKPLACE SAFETY

Arizona law requires public and private employers to comply with the federal recordkeeping requirements established by the [Occupational Safety and Health Administration](#) (OSHA). Please contact Heffernan Insurance Brokers for more information regarding OSHA recordkeeping requirements.

MORE INFORMATION

Additional state and federal recordkeeping requirements may exist for your specific industry. Consult with your Heffernan Insurance Brokers representative for more information about recordkeeping requirements that affect your business.

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