

EMPLOYMENT LAW SUMMARY

Arizona: Wage Payment Requirements



Because You're Different

Several federal laws regulate the payment of wages, including the Fair Labor Standards Act (FLSA), the Davis-Bacon Act and the Service Contract Act. Arizona law also imposes state wage payment requirements. When federal and state laws are different, the law that is more favorable to the employee applies. The Arizona Labor Department (ALD), part of the Industrial Commission of Arizona (ICA), enforces wage payment requirements throughout the state.

METHOD OF PAYMENT

Arizona law requires employers to pay wages in lawful United States currency by:

- Cash;
- Check;
- Payroll card account; or
- Direct deposit.

Employers may use payroll card accounts to pay their employees' wages if they can ensure that each employee can make at least one withdrawal or transfer per pay period without incurring any costs to the amount contained on the card. In addition, employers must secure each employee's written authorization before paying wages through payroll card accounts. This consent must not be a condition of employment, nor may it be obtained through duress, intimidation or coercion.

Employers that pay their employees through direct deposit or with a payroll card account must provide each employee with a statement that shows all deductions taken from the employee's wages at the time the wages are paid.

FREQUENCY OF PAYMENTS

In general, an employer must pay its employees' wages at least twice per month on established paydays, which are designated in advance by the employer. These paydays may not be more than 16 days apart. However, employees whose principal place of business and payroll system is centralized outside of Arizona may designate regular paydays once per month for:

- Professional, administrative or executive employees;
- Outside sales personnel; and
- Individuals employed in a supervisory capacity.

In addition, collective bargaining agreements may override the requirements for frequency of employee wage payments.

LAST PAYMENT OF WAGES

The last payment of wages must be made in cash, check, draft or money order. Employees that resign or quit their employment must receive all of their outstanding wages by the next regular payday. Employees who are discharged or terminated must receive all of their outstanding wages within seven days or by the next regular payday, whichever is sooner.

WITHHOLDINGS AND DEDUCTIONS

Employers may withhold or divert a portion of an employee's wages only when:

- Required or allowed by federal or state law;
- Authorized in writing by the employee; or
- There is a reasonable, good-faith dispute as to the amount of the wages due to the employee, including claims and counterclaims for debt, reimbursement and set-offs.

Employers must record each withholding accurately. In general, wage deductions and withholdings may not reduce an employee's gross wages below the minimum wage rate, unless authorized by law. Employers may not derive any financial gain from making wage deductions.

VIOLATIONS

Any violation of Arizona's wage payment requirements is a petty offense, punishable by a fine of up to \$1,000.

MORE INFORMATION

Contact Heffernan Insurance Brokers for more information on wage payment and work hour laws in Arizona.

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