

GLOBAL PAYROLL COMPLIANCE CHECKLIST

Ensuring global payroll compliance is a difficult and complex task. This checklist will make sure you've got all things payroll compliance covered.



PART I: BEFORE RUNNING PAYROLL

Before any payroll processing can take place, you first have to “prepare the ground”. Establishing a compliant payroll set-up in every location is therefore the first step on your way to global payroll compliance.

- Proper payroll set-up**
 - Properly incorporated local entity with a local payroll
 - Non-residential payroll as a Foreign Employer (FE)
 - Employer of Record (EOR)
 - Shadow payroll

- Registration with local authorities**
 - Tax authorities
 - Social security bodies
 - Government agencies
 - Employee registration with the respective bodies

- Payment infrastructure**
 - Local bank account requirements
 - Foreign exchange control
 - Currency requirements

- Pay schedule**
 - Pay period requirements
 - Pay date regulations

- Compensation laws**
 - Minimum wage regulations
 - Collective bargaining agreements
 - Special regulations for certain industries and professions
 - Equal pay acts and related legislation

- Statutory benefits**
 - Mandatory social security
 - Additional insurances to be provided by the employer
 - Leave requirements as outlined in the respective labor code

- Employee classification**
 - Independent contractor checklist
 - Full-time employee checklist

- Data protection**
 - Secure, cloud-based payroll system
 - Encrypted data transfers
 - Restricted system access
 - Data security and protection frameworks

- Integration with other HR systems**
 - Enabled data transfers
 - Up-to-date data sets
 - Secured integration interface
 - Employee time tracking

PART II: WHILE RUNNING PAYROLL

Payroll compliance doesn't end with setting everything up properly. Instead, it's an ongoing process that is repeated with every payroll run.

- Labor regulations**
 - Overtime limits
 - Standard working hours and rest days

- Payroll tax withholding and filing**
 - Accurate tax calculations based on the latest tax rates
 - Timely remittance of withheld amounts
 - Income tax and social security contributions covered
 - Correct currency for tax payments

- Special taxation rules and requirements**
 - Taxes on fringe benefits
 - Mandatory allowances and tax credits

- Payslip distribution**
 - Digital or paper

- Mandatory elements and information on the payslip
- Confidentiality during distribution

- Accurate and timely payment**
- Correct amount and currency
- Payment received on time

PART III: AFTER RUNNING PAYROLL

It would be wrong to think that payroll ends the moment employees receive their salaries. Payroll activities continue way beyond the actual payroll processing stage, and so does payroll compliance.

- Payroll reporting**
- Timely declaration of withheld income tax
- Social security declarations
- Additional reporting such as gender pay gap reporting
- Quarterly and annual payroll tax reports

- Payroll recordkeeping**
- Required time span for keeping payroll records
- All regulations imposed by the different authorities respected
- All necessary documents saved digitally

- Tax and legal changes**
- Mechanisms for keeping up to date with regulatory changes
- Implementation of legal changes in the current payroll system

- Employee classification review**
- Regular review of employee status
- Information and employee status updated
- Regular review of employee status
- Information and employee status updated

- Preparation for potential audits**
- All documentation and paperwork in order
- Familiarity with audit trails and possible audit types

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