



## **Size Matters: What legal acts apply to your business? It all depends on your payroll.**

News

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Ed Harold was quoted in *Biz New Orleans* on February 1, 2015. The article “Size Matters: What legal acts apply to your business? It all depends on your payroll.” examined the importance of consulting a lawyer when startup a new business, to cover all the bases that could potentially be costly further down the road.

Ed said, payroll taxes - which include unemployment compensation, Social Security and income taxes - are next in line. Payroll taxes can be taken care of by a business owner, but Ed warned that small businesses might want to consider getting a little help.

“You can learn how to do it and do it yourself,” he said, “but often, particularly for small businesses, it is more efficient and cost effective to have a payroll service that calculates all of those taxes for you.”

Of the three most important employment laws to keep in mind, Ed warned to pay particular attention to the Fair Labor Standards Act – an act that applies to businesses that make at least \$500,000 a year.

“Many people start businesses and think, ‘I’m going to pay everybody a salary and I’m not going to have to pay anyone overtime,’” Ed said. “And that’s not how the law works. A small business needs to be aware that a salary is only half the equation. To have somebody that you don’t have to pay overtime to, they have to fit into a certain level of duties: management duties, administrative duties, basically people that exercise discretion and judgment in the operation of the business. For small businesses, that’s a very limited set of people.”

“Now two things become significantly important,” Ed said. “The first is very practical, and that is you might want to consider purchasing Employment Practices Liability Insurance to help cover the cost of the defense if you do get sued. The second is you have to start documenting personnel actions and keep records of promotions, raises and discipline notices. Because once you’re in an environment where you’re subject to litigation, if someone says you were being discriminatory you’re going to have to produce the evidence that shows you’re not.”

“There’s a lot of paperwork with the FMLA,” Ed said. “You have to fill out forms, you have to give the employee particular forms, and it becomes a very timeconsuming process.”

To read the full article, please visit [\*Biz New Orleans\*](#).

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