



Federal Employment Laws for Very Small Businesses

This list contains federal employment laws that apply to employers with 1 to 10 employees. This list is not all-inclusive. Laws may vary depending upon an organization's legal status such as non-profits, public, private, or government.

Want to know about your state's employment laws for very small businesses? [Click here](#) to schedule a free 20-minute consultation with HR Allies to find out which local and state laws apply to your own company!

Consumer Credit Protection Act (CCPA) The Consumer Credit Protection Act protects employees from being terminated or discharged by their employer because their wages have been garnished for any one debt. In addition, it limits the garnishment amount of an employee's weekly earnings.

Economic Growth & Tax Relief Reconciliation Act (EGTRRA) The EGTRRA made changes in the Internal Revenue Code around income tax rates, qualified retirement plans, estate and gift taxes. EGTRRA allowed catch-up contributions for employees aged 50 and older; changed distribution and rollover rules; and altered the employer matching contributions vesting schedules for plans made after 2001. Employer's matching contributions must become 100% vested no later than when an employee completes three years of service OR the Employer's matching contributions are 20% vested after two years of service with 20% every year after at which time the employee will be 100% vested after six years of service.

Employee Polygraph Protection Act The Employee Polygraph Protection Act prevents most private employers from using lie detector tests for pre-employment screening, or the use of a lie detector test during the course of employment. In addition, an employer cannot discipline, discharge, or discriminate against employees that refuse to take the test. This law does not apply to federal, state, local

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governments, and certain private sector employees that are involved in national security related functions. Employers are required to post information about this law.

Employee Retirement Income Security Act (ERISA) The Employee Retirement Income Security Act was established to protect the participants of benefit and welfare plans by establishing standards and requirements for employers. Employers are required to provide new plan participants with a summary plan description (SPD) within 90 days after coverage. In addition, certain employers are required to file a 5500 form to the IRS that contains information about each benefit plan.

Equal Pay Act The Equal Pay Act requires that men and women be given equal pay of wages for jobs of equal skill, effort, responsibility, and working conditions unless the difference is based on seniority, merit, quantity or quality of production, or another factor other than sex. The Equal Pay Act is an amendment to the Wage and Hour Law and is enforced by the Equal Employment Opportunity Commission (EEOC).

Fair Credit Reporting Act (FCRA) The Fair Credit Reporting Act requires that specific notices and authorizations are completed prior to conducting a third-party background check of an applicant or employee which includes but is not limited to, "A Summary of Your Rights under The Fair Credit Reporting Act." If an employer chooses not to hire, promote, or transfer an applicant or employee due to information obtained from background information, they are required to follow adverse action procedures including notifying the applicant or employee of the action taken and providing a copy of the report which has to include the name, address, and phone number of the company which produced the report. In addition, the applicant and employee must be informed that the decision was made by the employer, not the company which produced the report.

Fair Labor Standards Act (FLSA) The Fair Labor Standards Act establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting full-time and part-time workers in the private sector and in federal, state, and local governments. In addition, this law defines the guidelines to determine exempt, non-exempt, or independent contractor status of an employee.

Health Insurance Portability and Accountability Act (HIPAA) HIPPA makes health insurance more portable when an employee moves from one employer to another, and it limits pre-existing condition exclusion periods, protections against discrimination, and special enrollment rights. In addition, it strictly regulates the privacy of Protected Health Information that includes medical records or other data that contains individually identifiable health information that may be used or disclosed in any form (electronically, on paper, or orally.)

Immigration Reform and Control Act (IRCA) The Immigration Reform and Control Act forbid employers from hiring individuals that are not authorized to work in the United States. In addition, employers that are hiring, discharging, recruiting or referring for a fee, may not discriminate because of national origin or citizenship. Employers must demonstrate compliance with the law by following the verification (I-9 Form) requirements, and by treating all new hires the same.

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Internal Revenue Code (IRS) The Internal Revenue Code contains written tax laws regulating employer requirements regarding taxes in many areas, including but not limited to wages, pensions, profit sharing, stock bonus plans, and retirement tax.

Labor-Management Relations Act (LMRA, Taft Hartley Act) The LMRA regulates the relationships between workers and employers, and addresses unfair union labor practices. It balances the rights and needs of employers and employees, particularly in the area of collective bargaining, wage and hour issues, and working conditions. This Act was an amendment to the National Labor Relations Act.

Labor-Management Reporting and Disclosure Act (LMRDA) The LMRDA guarantees certain rights to union members, and imposes certain responsibilities on union officers (i.e. equal rights to participate in union activities; freedom of speech and assembly; voice in setting rates of dues, fees, and assessments; and protection of the right to sue safeguards against improper discipline).

National Labor Relations Act (NLRA, Wagner Act) The NLRA gave employees the right to form and join a union, and forbid employers from interfering with union and non-union employees who engage in concerted activity on issues of wages, hours, or working conditions. Similarly, labor organizations may not restrain or coerce employees in the exercise of these rights. In addition, it established procedures for labor management relations, such as picketing, representation, union elections and prohibits discrimination on basis of union status. This law created the National Labor Relations Board which is a federal agency that administers the NLRA. Most private employers will be required to post a notice advising employees of their rights under the NLRA.

Patient Protection and Affordable Care Act The Patient Protection and Affordable Care Act establishes reforms to the private health insurance market through extensive provisions including but not limited to pre-existing conditions, prescription drug coverage, employer and health carrier requirements, establishing health insurance exchanges and changes to Medicare eligibility. Employers with over 50 employees will be heavily impacted by this federal statute.

Portal-to-Portal Act The Portal to Portal Act requires employers to compensate workers for working time that is spent on activities related to their job. Generally, work that starts and ends at the work site is considered working time, unless mandated otherwise in an employment contract. In general, as long as an employee is engaging in activities that benefits the employer, regardless of when they are performed, the employer has an obligation to pay the employee for his/her time. This law covers activities, such as travel time, waiting time, meals, breaks, and training time.

Sarbanes-Oxley Act (SOX) Sarbanes-Oxley protects employees who work for publicly traded companies or companies that are required to file certain reports with the Securities and Exchange Commission (SEC) from retaliation for reporting illegal corporate practices, including accounting irregularities and securities fraud.

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Uniform Guidelines on Employee Selection Procedures The Uniform Guidelines on Employee Selection Procedures pertains to any and all selection procedures which are used as the basis for any employment decision. This includes hiring, promotion, demotion, referral, retention, licensing, certification, training, and transfer. Employer practices and/or policies which have an adverse impact on employment opportunities of any sex, ethnic group, or race; are said to be discriminatory and are illegal, unless justified by business necessity.

Uniformed Services Employment and Reemployment Rights Act (USERRA) The Uniformed Services Employment and Reemployment Rights Act establishes the cumulative length of time that an individual may be absent from work for military duty and retains the reemployment rights to five years. In addition, it establishes that reemployment protection does not depend on the timing, frequency, duration, or nature of an individual's service, as long as the basic eligibility criteria are met. This law provides protection for disabled veterans, requiring employers to make reasonable efforts to accommodate the disability.

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