



# Payroll Ethics and Employee Communications

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## Ethics: as defined by Merriam Webster's Concise Dictionary

1. Study of good and evil and moral duty
2. Moral principles or practice



## American Payroll Association's Code of Ethics

1. Exhibit constant concern for fellow employees
2. Strive for *perfect* accuracy and timeliness
3. Maintain absolute confidentiality



# IRS Independent Contractor or Employee Training Materials (October 1996)

## 5 Principles of Public Service Ethics

- (1) Public Interest
- (2) Objective Judgment
- (3) Accountability
- (4) Democratic Leadership
- (5) Respectability



## Guidelines to achieve ethical decisions:

### Objectivity

*remain objective, disregard personal issues*

### Define the problem

*what are parameters, decision-makers*

### Decision impact

*what are results of decision*



## Guidelines to achieve ethical decisions:

Alternatives

*win-lose, win-win, lose-lose*

Evaluate Consequences

*how to keep your job, cya*

Choose course of action

*achieving win-win*



## Examples of ‘Should-Nots’

Make or allow any unauthorized use of information

*A friends ask for salary information for the salespeople with whom she works. She doesn't want specific names but just wants to know if she is paid roughly the same as them prior to negotiating her next raise.*



## Examples of ‘Should-Nots’

Knowingly include false, inaccurate or misleading information on reports or records

*Co-worker is a ‘tax protestor’ who states on his W-4 that he is exempt from income tax withholding.*



## Examples of ‘Should-Nots’

Remove official records or reports outside of official duties

*An employee is maintaining separate payroll files at his home in case the records are needed during the off-hours.*



## Scenario 1

A friend is being terminated. You prepare their final check for the exit interview. You have lunch prior to their meeting with their supervisor.

*Do you tell them?*



## Scenario 1

The direct inquiry: Am I being terminated?

*The response: I am ethically bound to maintain confidentiality and am not able to divulge this information. Please discuss this issue with your immediate supervisor.*



## Scenario 2

You are aware that an employee routinely makes airplane reservations on expensive flights, then trades the tickets in for a cheaper flight. He then pockets the difference when it's refunded by the airline.

*Do you make your employer aware?*

