ACQUISITION INTEGRATION TOOLKIT

COMPANION REFERENCE

Payroll and Total Rewards Terms, Acronyms and FAQs

A companion to the Payroll and Total Rewards Acquisition Guide

Companion Reference · Version 1.0 · November 2026

Use this reference alongside Version 1.1 of the Payroll and Total Rewards Acquisition Guide. It explains payroll, compensation, jurisdiction setup, withholding orders and contract wage compliance.

How to use this reference

Terms are grouped in five sections, followed by twenty frequently asked questions. Acronyms are spelled out under each term, and bracketed numbers point to the official sources at the end. Employee benefit plans are covered separately; only payroll interfaces and required wage and fringe calculations are addressed here.

Section	Covers
1. Payroll foundations	The calendar, codes and controls behind every payroll.
2. Taxes and new jurisdictions	Account registration and system configuration are separate readiness checks.
3. Wage rules and withholding orders	Confirm the current instruction, correct calculation and actual remittance.
4. Prevailing wages and certified payroll	Check contract coverage and the work actually performed.
5. Compensation and total rewards	Pay arrangements covered here exclude employee benefit-plan diligence.
Frequently asked questions	Jurisdictions, orders and contract wage compliance; compensation decisions and the first payroll

SECTION 1

Payroll foundations

The calendar, codes and controls behind every payroll.

Term	What it means and what to check
Pay period / pay date / payroll cutoff	The pay period identifies the dates being paid. The pay date is when payment is due or made. The cutoff is the processing deadline. Map all three when dividing seller and buyer responsibilities.
Workweek / pay frequency	A workweek is the recurring period used for specified wage calculations. Pay frequency is how often employees are paid. A two-week paycheck does not ordinarily permit averaging federal overtime hours across two workweeks. [1]
Gross pay / taxable wages / net pay	Gross pay is earnings before deductions. Taxable wages are amounts subject to a particular tax and may differ by tax. Net pay is the amount remaining after taxes and deductions.
Earning code / deduction code / pay register	Codes determine how a payroll system processes a payment or deduction. A register summarizes payroll results. Review calculation, tax treatment and ledger mapping rather than copying code names alone.
YTD / QTD / GL *Year to Date / Quarter to Date / General Ledger*	YTD and QTD summarize activity for a period; the GL records financial transactions. Reconcile employee-level detail and aggregate totals.
HRIS / HCM / timekeeping *Human Resources Information System / Human Capital Management system*	These systems hold employee and related records. Timekeeping captures work and absence data; it may be a separate system with its own approvals.
Parallel payroll / gross-to-net reconciliation	A controlled test compares expected and proposed payroll results without making duplicate live payments. Gross-to-net reconciliation traces earnings, taxes, deductions and net pay at employee and total levels.
Off-cycle payroll / retro pay	An off-cycle run occurs outside the regular schedule. Retro pay adjusts compensation for an earlier period. Confirm wage deadlines, withholding and any overtime recalculation before processing.

SECTION 2

Taxes and new jurisdictions

Account registration and system configuration are separate readiness checks.

Term	What it means and what to check
EIN / employing entity *Employer Identification Number*	The employing entity is the legal employer. Confirm the entity actually paying and reporting wages. An EIN is not a substitute for state or local payroll registrations or business authority.

Term	What it means and what to check
FIT / SIT / local withholding *Federal Income Tax / State Income Tax*	Federal and state income tax withholding, plus applicable local withholding. Confirm work and residence locations, reciprocal agreements and city, county, school-district or other obligations. Do not assume all locations follow the same rules. [2]
FICA *Federal Insurance Contributions Act*	The framework for Social Security and Medicare payroll taxes. Wage bases and rules differ between these taxes. Check current requirements and approved acquisition treatment rather than copying old thresholds. [2]
FUTA / SUI / SUTA *Federal Unemployment Tax Act / State Unemployment Insurance / State Unemployment Tax Act*	SUI and SUTA commonly refer to the state unemployment program or tax. Federal and state accounts, bases and reporting are distinct. [2]
Unemployment experience rating / successor transfer	Experience rating affects an employer's assigned unemployment tax rate under state rules. A transaction may trigger account, notice or experience-transfer requirements. Obtain the state's determination; do not assume a new entity gets a new-employer rate.
Tax account / filing authority / deposit schedule	An account identifies the employer with an authority. Filing authority allows a provider to act within an authorization. A deposit schedule governs tax payment timing; return due dates are separate. Registration alone does not verify any of these.
Business registration / foreign qualification	Registration or authority to conduct business in a jurisdiction, where required. "Foreign" can mean formed in another U.S. state. Coordinate legal review separately from payroll-tax registration.
Predecessor / successor employer	Transaction-specific tax concepts that can affect wage-base treatment and reporting. The label does not mean every employment, tax or contract obligation follows the same test. Obtain qualified advice for the actual structure. [3]
Forms W-4, W-2, 941 and 940 / Schedule D	W-4 supplies federal withholding elections; W-2 reports employee wages and taxes; 941 reports specified federal employment taxes; 940 concerns FUTA. Schedule D explains certain acquisition-related discrepancies. Filing responsibility depends on the approved procedure. [2, 3]

SECTION 3

Wage rules and withholding orders

Confirm the current instruction, correct calculation and actual remittance.

Term	What it means and what to check
FLSA / exempt / nonexempt *Fair Labor Standards Act*	Exempt and nonexempt are classifications relevant to minimum wage and overtime. A salary or job title alone does not establish exemption. Review duties and other applicable federal and state tests. [1]

Term	What it means and what to check
Regular rate / base rate / overtime premium	The regular rate used for overtime may include more than base pay, such as certain commissions or bonuses. The overtime premium is additional compensation due under the applicable rule. Multiple-rate work needs careful review. [1]
PTO / accrued leave / final pay *Paid Time Off*	Accrued leave is recorded earned leave; final pay is compensation due when employment ends. Carryover, payout, forfeiture and timing depend on law, policy and contracts. Closing does not by itself resolve these obligations.
Garnishment / levy / voluntary deduction	A garnishment or levy requires withholding under a legal process; a voluntary deduction rests on a different authorization. Do not treat a loan-repayment authorization as equivalent to a support or tax order. [4]
IWO *Income Withholding Order*	An instruction to withhold support from income. Obtain the current order and amendments, identify the obligor and case, and confirm amounts, priority, limits, start and stop instructions and remittance requirements. [4, 5]
Child support / alimony or spousal support	Different support obligations that may require payroll withholding under applicable orders. Confirm current support, arrears and payees separately. Do not assume an employee's statement changes an order. [4, 5]
Arrears / release or termination notice	Arrears are past-due obligations. A release or termination notice may end or change withholding. Verify the authority and effective date; a balance copied from payroll alone is not a complete instruction.
Disposable earnings / CCPA *Consumer Credit Protection Act*	Disposable earnings is a legal calculation used for garnishment limits, not simply take-home pay. The CCPA provides federal protections; limits vary by order type and applicable law. [4]
SDU / remittance reconciliation *State Disbursement Unit*	Remittance reconciliation matches amounts withheld to amounts sent and accepted by the correct recipient with the correct case identifiers. Child-support remittance instructions and other orders must be checked separately. [5]

SECTION 4

Prevailing wages and certified payroll

Check contract coverage and the work actually performed.

Term	What it means and what to check
DBA / DBRA *Davis-Bacon Act / Davis-Bacon and Related Acts*	These govern specified prevailing-wage requirements on covered federal and federally assisted construction. State and local public-works rules may apply separately. [6]
Prevailing wage / wage determination	A required wage framework and the applicable published determination. Davis-Bacon determinations list basic wage rates and any required fringes by classification. Identify the correct location, work type, incorporated revision and effective terms. [6]
Labor classification / conformance	Classification identifies the work category based on duties actually performed. Conformance is the required process for addressing a needed classification not listed in a determination. An internal job title does not resolve either issue.

Term	What it means and what to check
Fringe obligation / cash in lieu / fringe credit	Required compensation may be satisfied through permitted cash or substantiated bona fide fringe contributions under applicable rules. Confirm allowable credits, hours and allocation; do not equate every employer expense with a valid credit. [6, 7]
Certified payroll / WH-347	Required payroll reporting for covered work. WH-347 is an optional federal form used to supply DBRA weekly payroll information; the required reporting obligation is not optional merely because the form is. Check contract submission requirements. [8]
Statement of Compliance	The signed certification accompanying covered certified payroll. It addresses accuracy and required wage and fringe payment. Confirm the signer's authority and trace reported data to time records and actual payment. [8]
Registered apprentice / ratio	Special treatment may depend on individual registration, an approved program, permitted wage progression and applicable apprentice-to-journeyworker ratios. Calling someone a trainee is not sufficient. [6]
CWHSSA *Contract Work Hours and Safety Standards Act*	It imposes overtime requirements on covered contracts. Coordinate its application with FLSA and other requirements; do not simply multiply every wage and fringe component by the same factor. [7]
SCA / CBA / section 4(c) *Service Contract Act / Collective Bargaining Agreement*	SCA addresses covered federal service contracts. Section 4(c) can require specified predecessor-CBA wages and fringes on successor contracts. SCA and DBRA have different coverage and reporting rules. [9]
Restitution / withholding / debarment	Restitution is payment of amounts owed; withholding restricts contract payments; debarment excludes a contractor from specified contracting opportunities. These may arise from contract wage violations. Escalate potential exposure to qualified counsel and contract-compliance specialists.

SECTION 5

Compensation and total rewards

Pay arrangements covered here exclude employee benefit-plan diligence.

Term	What it means and what to check
Base pay / pay range / pay compression	Base pay is fixed salary or hourly compensation. A range sets pay parameters for a role or grade. Compression describes narrowed pay differences, such as between new and experienced employees.
Target incentive / bonus / discretion	Target incentive is an intended payout at defined performance. Bonus terms determine earning and payment conditions. An employer's "discretionary" label does not by itself settle overtime treatment or contractual entitlement. [1]
Commission / quota / draw / clawback	A commission pays under a sales compensation formula; a quota is a performance target; a draw advances or guarantees specified compensation; a clawback seeks recovery. Earned-pay rules and lawful deductions require review.

Term	What it means and what to check
Retention / transaction / severance payment	Retention awards encourage continued service; transaction awards relate to deal events; severance concerns specified separation arrangements. Review triggers, approvals, timing, tax treatment and any release or repayment terms.
Equity / option / RSU / phantom equity *Restricted Stock Unit*	Equity is an ownership interest. An option grants a right to acquire shares under terms. An RSU promises specified settlement subject to conditions. Phantom equity generally provides a value-linked award rather than actual ownership. Read each agreement.
Vesting / acceleration / single or double trigger	Vesting removes specified forfeiture conditions. Acceleration speeds vesting or payment. A single trigger requires one defined event; a double trigger requires two. Definitions in the actual award or agreement govern.
NQDC / section 409A *Nonqualified Deferred Compensation*	Section 409A contains tax rules governing specified deferred arrangements. Changing payment timing or terms can create tax consequences. Use specialist advice before modifying or settling awards. [10]
Sections 280G and 4999 / gross-up	Tax provisions relevant to specified change-in-control payments and excess parachute payments. A gross-up adds compensation intended to offset a tax cost. These require individualized legal and tax analysis, not a universal transaction formula. [10]
Accountable plan / allowance / reimbursement	An accountable plan is an expense-reimbursement arrangement meeting specified tax conditions. A fixed allowance or reimbursement label alone does not establish tax exclusion. Verify substantiation, excess returns and payroll treatment. [2]

FREQUENTLY ASKED QUESTIONS

Jurisdictions, orders and contract wage compliance

1. Does acquiring a business automatically give us its state payroll accounts?

Do not assume so. Confirm the employing entity, transaction structure, state withholding and unemployment requirements, account numbers, rates and effective dates. Obtain required successor or experience-transfer decisions.

2. If the accounts are registered, is payroll ready?

No. Separately verify provider capability and configuration: work and residence codes, taxes, rates, wage bases, deposit schedules, return filing, authorizations and representative test results.

3. What local taxes should we check?

Screen applicable city, county, school-district and other local obligations using actual work and residence locations. Confirm reciprocity and remote or mobile employee treatment with qualified advisors and agencies.

4. Do we need business registration as well as tax accounts?

Possibly. Have legal determine any authority-to-operate or business-registration requirement. Withholding and unemployment registrations answer different questions.

5. Should wage bases restart when payroll moves?

Not automatically. Predecessor and successor treatment and reporting procedures depend on the transaction and tax involved. Approve the approach before importing historical balances or running live calculations. [3]

6. Can we copy garnishment amounts from the old payroll?

Use those amounts as reconciliation evidence, not the sole instruction. Obtain current orders and amendments; verify case identifiers, arrears, priority, limits, notices and payment instructions. Include child support and alimony. [4, 5]

7. Can employees ask us to stop support withholding?

An employee request alone is not authority to disregard an order. Verify an applicable amendment, release or termination instruction through the appropriate process and confirm its effective date.

8. Does a third-party certified-payroll provider remove our responsibility?

No. Validate the source records, rates, classifications, payments and certifications. Confirm required submissions, corrections and acceptance; provider involvement does not prove compliance.

9. Must every government contract use Davis-Bacon certified payroll?

No. Coverage depends on the contract and work. Review federal construction, federal service, state and local and other requirements separately. Do not apply DBRA reporting rules automatically to every SCA contract. [6, 9]

10. Can our existing benefit costs satisfy required fringe amounts?

Only to the extent allowed and substantiated under the applicable rules. Verify credit calculations with specialists and coordinate the evidence with benefits owners. Health-plan premiums alone do not establish the correct project credit. [7]

FREQUENTLY ASKED QUESTIONS

Compensation decisions and the first payroll

11. Does salary mean an employee is overtime-exempt?

No. Review the applicable exemption tests, actual duties and state requirements. Also distinguish employee or contractor status from exempt or nonexempt status.

12. Can overtime be calculated using only base hourly pay?

Not always. Certain bonuses, commissions and other payments affect the regular rate. Test the applicable workweeks and any later incentive-related recalculation. [1]

13. Does closing erase earned commissions or unused leave?

No blanket rule permits that assumption. Determine what is earned, required payment or carryover treatment, and applicable law and agreements. Deal allocation of cost does not necessarily eliminate worker rights.

14. Can we replace all incentive and equity terms immediately?

Review existing agreements, approvals, notices, earned amounts and tax implications first. Do not promise vesting acceleration, a cash-out or a new payment date without qualified review. [10]

15. Will employees receive one W-2 or two?

It depends on the transaction and approved reporting procedure. Assign responsibility for annual forms, historical records and corrections; communicate the confirmed approach instead of guessing. [2, 3]

16. Does an accurate total payroll prove every employee is correct?

No. Compare employee-level gross pay, taxable wages, taxes, deductions and net pay, plus employer costs and totals. Include new jurisdictions, overtime, support orders, commissions and prevailing-wage cases.

17. What if closing splits a workweek or pay period?

Map dates worked, pay dates, time capture, wage liability and overtime calculations across the cutover. Document seller and buyer responsibilities and obtain advice where legal treatment is uncertain.

18. What should happen if the first payroll fails?

Activate a preapproved, funded and lawful fallback. Confirm deadlines, controlled approvals, employee communications and actual receipt. Track replacement payments to avoid paying twice.

19. How do we know a garnishment or tax payment was completed?

Reconcile withholding to the correct recipient, case or account identifiers, amount and accepted payment. A deduction on the pay statement does not by itself establish remittance.

20. What should we monitor after the first payday?

Review subsequent payrolls, bank and ledger reconciliations, taxes, support-order payments, required project reports and open incentives. Retain owners for corrections, quarterly returns and year-end forms; do not wait for a 30, 60 or 90 day review to meet an earlier deadline.

REFERENCE

Sources and reference notes

Bracketed references support identified technical distinctions. Other entries describe common payroll and compensation usage. This reference does not prescribe annual limits, fixed tax rates or universal legal deadlines. Check the actual jurisdiction, contract and transaction.

#	Source	Web address
[1]	DOL: Regular rate of pay	https://www.dol.gov/agencies/whd/fact-sheets/56a-regular-rate
[2]	IRS: Employer's Tax Guide (Publication 15)	https://www.irs.gov/publications/p15
[3]	IRS: Acquisition reporting and Schedule D	https://www.irs.gov/instructions/i941sd
[4]	DOL: Wage garnishment guidance	https://webapps.dol.gov/elaws/elg/garnish.htm
[5]	HHS: Child-support employer services	https://ocsp.acf.hhs.gov/csp/home/employer
[6]	DOL: Davis-Bacon and Related Acts	https://www.dol.gov/agencies/whd/fact-sheets/66-dbra
[7]	DOL: Davis-Bacon compliance principles	https://www.dol.gov/agencies/whd/government-contracts/prevailing-wage-resource-book/db-compliance-principles
[8]	DOL: WH-347 certified payroll instructions	https://www.dol.gov/agencies/whd/forms/wh347
[9]	DOL: SCA section 4(c) and collective bargaining	https://www.dol.gov/agencies/whd/fact-sheets/85-collective-bargaining-agreements-of-the-service-contract-act
[10]	IRS: Employer's Supplemental Tax Guide (Publication 15-A)	https://www.irs.gov/publications/p15a

References reviewed November 5, 2026. Consult the responsible state and local tax, unemployment and wage agencies for current requirements. Formal professional advice may be needed for contract coverage, equity, executive compensation and successor obligations.

ABOUT THIS REFERENCE

A companion to the Payroll and Total Rewards Acquisition Guide, Version 1.1, November 2026. This is a general educational resource, not legal, tax, accounting, investment or regulatory advice, a compliance certification or a substitute for transaction-specific review. Protect employee, tax, bank and support-order information and restrict access to authorized recipients. Employee benefit-plan diligence remains in the separate Benefits Acquisition Guide.