



PAYSERV
PAYROLL SOLUTIONS

The Importance of Backdating Payroll Checks

For All Clients Using ACH/Direct Deposit or Paper Checks

To ensure **timely, secure, and compliant payroll processing**, we want to highlight the importance of **backdating payroll checks**—especially when using **ACH (Automated Clearing House) / Direct Deposit** or issuing **paper checks**.

What Is "Backdating" a Payroll Check?

Backdating means ensuring that the **check/pay date** allows adequate time for payroll processing and delivery—**ideally 1-2 business days after the payroll is run**. In other words, you must **run payroll at least two business days before the check date**.

Why Is This So Important?

1. ACH Processing Time

ACH transfers require **two business days** to reach employees' accounts after payroll is run.

If payroll is run too close to the check date, deposits may be **delayed**, causing:

- Compliance violations
- Employee dissatisfaction
- Failed or rejected transactions

2. Fraud Protection & Direct Deposit Security

Payroll fraud is rising—especially from:

- **Hacked employee email accounts**
- Fraudulent requests to change bank account info

If payroll is not properly backdated and fraud is discovered **after processing**, there may be **no way to reverse or recover the funds in time**.

Backdating gives a critical time buffer to identify and stop fraudulent activity before it's too late.

Protect your employees: Always verify direct deposit changes through a second channel (e.g., a phone call or in-person confirmation). Never rely on email alone.

Speak to your payroll specialist on enhancing your payroll software

3. Tax Impounding & Payment Issues

When payroll is processed, your tax liabilities (Federal, State, Local, etc.) are **calculated and scheduled for payment**—this is known as **tax impounding**.

If an error is discovered **after the payroll is run**:

- It's often **too late to stop or amend** the tax filings or payments.
- Any corrections must be made **directly with tax agencies**, which can take **weeks or even months** to resolve.
- This can lead to:
 - **Amended returns**
 - **Penalties or interest**
 - **Delays in employee W-2 corrections or filings**

Early payroll processing with backdating gives time to catch and correct issues before taxes are reported or paid.

4. Labor Law Compliance

Employers are legally required to ensure:

- Employees receive their pay by the stated check date
- Missed or late payments—even if unintentional—can trigger penalties or lawsuits

5. Banking & Accounting Accuracy

- Ensures accurate accounting ledgers
- Prevents mismatches during audits
- Helps avoid banking errors or posting issues

For Clients Issuing Paper Checks

If you have your checks and reports sent to you or your employees by mail or courier, backdating provides critical **extra days** to account for potential delays due to:

- **Weather disruptions**
- **Postal service or courier delays**
- **Power outages**
- **Bank software or connectivity issues**
- **Unexpected office closures**

Best Practice: Run payroll early so that paper checks can be printed and distributed well before the check date. Consider updating to have all employees on direct deposit and accessing reports through our secure software to eliminate unforeseen delivery or weather issues.

Example Timeline – How to Backdate Properly

Payroll Run Date	ACH Processed	Check Date (Pay Date)
Monday, Sept 2	Monday–Tuesday	Wednesday, Sept 4
Tuesday, Sept 3	Tuesday–Wednesday	Thursday, Sept 5

Always allow two full business days between payroll processing and employee pay date.

What Happens If You Don't Backdate?

- ACH deposits may fail
- Fraudulent activity may go undetected until it's too late
- Payroll tax payments may already be processed and be hard to reverse
- You may violate state/federal labor laws
- Paper checks may arrive late due to delivery issues
- We may not be able to assist once payroll is finalized and disbursed

What You Should Do:

For Clients:

- Always run payroll *at least 2 business days before the check date*
- Follow **your online Payroll Schedule** and use our **Payroll Calendar** to plan around holidays and weekends
- **Verify employee direct deposit changes** through a second contact method
- If using paper checks, build in extra time for delivery and distribution
- Review payroll totals and employee data for errors before final submission
- Make sure you are set up with and pay attention to all payroll-related notifications sent from PayServ.
- Use MFA, passkey or an authenticator app when going into payroll or banking information

Things to remind your Employees:

- Be aware of your expected pay date and confirm deposit timing with your employer
 - Protect your personal and banking information
 - Report any suspicious activity or delays to your employer immediately
 - Use MFA, passkey or an authenticator app when going into payroll or banking information
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Need Help?

Our team is here to assist with:

- Payroll scheduling
- Fraud prevention best practices
- Tax compliance support
- Calendar planning and ACH timing

Contact your personal payroll specialist or email the payroll group at
payrollgroup@payservpayroll.com
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Thank you for partnering with us to deliver secure, accurate, and on-time payroll.

