

# PAYROLL PROCESSING SERVICE LEVEL AGREEMENT

## Service Level Agreement Template

This Service Level Agreement (hereinafter referred to as the "SLA") is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and between:

**Service Provider:** \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

**Client:** \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Collectively referred to as the "Parties" or individually as a "Party."

### 1. Purpose & Scope

The purpose of this SLA is to define the payroll processing services to be provided by the Service Provider, the associated performance metrics, and the responsibilities of both Parties to ensure accurate and timely payroll delivery.

### 2. Services Provided

The Service Provider shall perform the following payroll processing services:

1. Calculation of gross wages, deductions, taxes, and net pay.
2. Processing of direct deposits and generation of paper checks.
3. Filing of federal, state, and local payroll taxes.
4. Preparation and distribution of year-end tax forms (e.g., W-2, 1099).
5. Provision of standard payroll reports to the Client after each payroll run.

### 3. Service Standards & Metrics

The Service Provider agrees to meet the following service levels:

Service Area	Performance Metric / Standard	Target Performance Level
<b>Payroll Accuracy</b>	Error-free payroll run based on validated inputs provided by Client.	_____ % Accuracy
<b>Timeliness of Delivery</b>	Payroll processing completed and funds initiated by established deadline.	_____ % On-Time
<b>Tax Filing &amp; Compliance</b>	Accurate and timely submission of tax returns and payments.	_____ % On-Time & Accurate
<b>Inquiry Response Time</b>	Response to Client support tickets and email inquiries.	Within _____ Business Hours
<b>Urgent Issue Resolution</b>	Resolution of critical payroll errors (e.g., missed payments).	Within _____ Business Hours

### 4. Client Responsibilities

To ensure successful delivery of services, the Client agrees to:

1. Submit complete and approved timesheets, employee changes, and deduction details no later than \_\_\_\_\_ business days prior to the pay date.
2. Maintain sufficient funds in designated bank accounts to cover payroll totals, tax liabilities, and processing fees at least \_\_\_\_\_ days prior to the pay date.
3. Promptly review and approve payroll previews provided by the Service Provider.

## 5. Fees & Payment Terms

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In consideration for the services rendered, the Client shall pay the Service Provider according to the following schedule:

- Base Processing Fee: \$ \_\_\_\_\_ per payroll run.
- Per Employee/Contractor Fee: \$ \_\_\_\_\_ per pay cycle.
- Year-End Tax Reporting Fee: \$ \_\_\_\_\_.
- All invoices are due within \_\_\_\_\_ days of receipt.

## 6. Term & Termination

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This SLA shall commence on the Effective Date and shall remain in effect for a term of \_\_\_\_\_. Either Party may terminate this SLA by providing \_\_\_\_\_ days written notice to the other Party.

## 7. Confidentiality & Data Security

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Both Parties shall protect and maintain the strict confidentiality of all employee personally identifiable information (PII) and proprietary financial data in compliance with applicable local, state, and federal privacy regulations.

## 8. Authorization & Execution

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IN WITNESS WHEREOF, the Parties hereto have executed this Service Level Agreement as of the Effective Date written above.

**For the Service Provider:**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**For the Client:**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date