Annual Compensation Review Checklist

Reasonable compensation should be reviewed annually to ensure recommendations remain aligned with current business conditions.

HOW TO USE THIS CHECKLIST

Review each item annually and check it when complete. Retain supporting records and document changes affecting the compensation recommendation.

Business Changes 01

- ☐ Revenue changes reviewed
- ☐ Profitability changes reviewed
- ☐ Employee count changes reviewed
- ☐ Organizational changes reviewed
- ☐ Industry changes reviewed

Owner Changes 02

- ☐ Duties reviewed
- ☐ Time allocation reviewed
- ☐ Hours worked reviewed
- ☐ New responsibilities identified
- ☐ Responsibilities delegated since prior review

Compensation Review 03

- ☐ Current salary reviewed
- ☐ Prior-year recommendation reviewed
- ☐ Market compensation reviewed
- ☐ Comparable wage data reviewed
- ☐ Compensation recommendation updated

Documentation Review 04

- ☐ Supporting records retained
- ☐ Compensation rationale documented
- ☐ Methodology documented
- ☐ Report version archived
- ☐ Recommendation explanations documented

Final Review 05

- ☐ Report approved
- ☐ Client notified
- ☐ Supporting files retained
- ☐ Next review scheduled

Review notes / outstanding items

This checklist is a documentation aid, not a substitute for a facts-and-circumstances analysis or professional tax advice. Review requirements may vary by business and situation.