

Seven Employment Law Issues Massachusetts Employers Cannot Afford to Overlook

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Massachusetts remains one of the most demanding states for employment law compliance. Here are seven issues businesses should keep in mind.

1. The Massachusetts Wage Act is Unforgiving

The Massachusetts Wage Act establishes the standards companies with a presence in the Commonwealth must follow vis-à-vis wage and hour practices. Strict compliance is necessary to avoid harsh penalties, including automatic treble damages, reasonable attorneys' fees, and costs. Risks to employers include failing to make timely wage payments, including commissions, making improper deductions, and/or misclassifying workers as exempt from overtime under Massachusetts law.

2. Employees Involuntarily Terminated Must Be Paid on Date of Termination

If a business terminates an employee's employment involuntarily for any reason, whether due to a layoff, as part of a reduction in force, or with or without cause, it must pay all earned but unpaid wages, including accrued, unused vacation time, *on the date of termination*. Failing to do so exposes employers to treble damages and reasonable attorneys' fees under the Wage Act. The only instance when an employee's final pay is not due on the date of termination is when the employee voluntarily resigns their employment; in that case, final pay must be paid on or



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before the Company's next regularly scheduled payday.

3. Independent contractor classification remains a high-risk area.

Massachusetts is home to one of the most stringent independent contractor laws in the country. All workers performing services for a business are considered employees, unless the business can satisfy a strict, three prong test, known as the ABC test. Misclassification can lead to exposure for unpaid wages, overtime, tax liability, and penalties from multiple agencies.

4. Pay transparency requirements are here.

Effective October 2025, employers with 25 or more employees who have a primary place of work in Massachusetts must disclose in job postings the annual salary range or hourly wage range that the employer reasonably and in good faith expects to pay for such position at the time of the posting. Covered employers must also disclose the annual salary or hourly wage range to an employee upon their promotion, transfer, or beginning a new position, and on request for their current position.

5. Non-compete agreements are enforceable — but only if done correctly.

Massachusetts permits non-competition agreements under limited circumstances to protect customer goodwill, confidential information and/or trade secrets. Companies that use, or are considering using, non-competition agreements must ensure compliance with a specific set of legal requirements, including strict notice and timing rules. Failing to adhere to applicable legal requirements will invalidate the non-competition agreement.

6. At-Will Employment Is Not A Complete Shield

Although Massachusetts is an at-will employment state, termination decisions can still give rise to claims of discrimination, retaliation, and wrongful termination in violation of public policy. Businesses can mitigate the risks associated with ending someone's employment by ensuring decisions to end employment are made for legitimate business reasons that are well-documented and supported by credible evidence. Companies are also well-advised to ensure they are consistent with how they treat employees – for example, how were similarly situated employees treated under the same or similar circumstances?

7. Leave laws are layered and complex.

Massachusetts businesses must navigate a myriad of federal and state leave statutes that often overlap, but do not always align. By way of example, employees may be eligible for leave under the federal Family and Medical Leave Act, and the Massachusetts Paid Family and Medical Leave Act, though these laws differ in terms of eligibility, benefits, notice, and certifications. As well, employers may have an obligation under the Americans with Disabilities Act and M.G.L. c. 151B to reasonably accommodate employees' disabilities with unpaid leaves of absence. In addition, state law mandates sick leave, parental leave, and domestic violence leave.

Conclusion

Massachusetts employers operate in one of the most heavily regulated employment environments in the country. Periodic review of wage practices, worker classifications, restrictive covenants, termination procedures, and leave policies is essential to managing risk and avoiding preventable exposure.

If you require any assistance completing compliance audits, policy updates, or performing general risk assessments, please get in touch.

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