

Complying With Wage and Hour Law

Payroll

What can be deducted from an employee's paycheck?

Employers are required to deduct federal and state taxes as well as Social Security (FICA) and Medicare. Any other deductions must be authorized by the employee before the day of the first deduction except court ordered garnishments for such things as child support or back taxes.

What if an employee forgets to punch in or out? Can the employer withhold their pay when this occurs?

The employer must pay employees for any time worked regardless of whether they are punched in on the time clock. However, keeping accurate time records is important. It is best to have a policy in place about how to accurately determine time worked, including how to handle when an employee forgets to punch in or out. The employer should be sure to follow the policy once it is established.

When an employee quits, does the employer have to pay them on the day they leave?

No. Employers can choose to pay an employee on their last day of work, but they are not required to pay them until the next scheduled payday.

How long should an employer keep time records?

The US Department of Labor recommends that employers keep payroll records for at least three years.

With regards to payroll, it is important to remember:

- *Employees must be paid on scheduled paydays. Employers cannot withhold a paycheck or ask employees not to cash paychecks on the payday.*
- *Payroll records (including time records) should be kept for three years.*
- *Non-exempt employees must be paid for time worked including when they come in early, stay late, complete work during a break time, or take work home.*
- *It is important to have policies in place to handle situations such as an employee forgetting to punch in or out.*

For more information or specific questions concerning payroll, please contact:

US Department of Labor, Wage and Hour Division
1-866-4-USWAGE (toll-free)
www.dol.gov/esa/whd



For deduction and promised wage questions, contact:

NC Department of Labor, Wage and Hour Bureau
919-807-2796 (Raleigh) or toll free 1-800-NC-LABOR (1-800-625-2267)
www.nclabor.com