

Veritas™ Supplement

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News Alert

INDIANA WAGE STATUTE: SOME WELCOME CHANGES

The Indiana General Assembly passed in 2015, a new law known as House Enrolled Act 1469. It will take effect on July 2, 2015. The new changes make Indiana, as it relates to wages, a little less employee friendly.

1. The “Employer punishment” for failure to pay timely wages to the employee, I.C. 22-2-5-2 has been amended to lower the damages from treble to double. “The failure to pay wages, that the employee be paid an amount equal to two (2) times the amount of wages due to the employee.”
2. The Employer assertion of a “good faith” defense has also been changed. If the court in any such suit (for wages) determines that the (employer). . . failed to pay the employee . . . was not acting in good faith . . . , the court shall order as liquidated damages for the (failure to pay wages), that the employee be paid an amount equal to two (2) times the amount of wages due to the employee. Unfortunately, “good faith” has not been defined and its interpretation will be left to the courts.
3. The 13 specific items which employees may now deduct from an employee’s paycheck (wage assignments) has been expanded to 16.



News Alert: (Page 2)

The price of goods or food may be deducted from an employee's pay, as well as uniforms, and advances for education, payroll and vacation pay.

POINT: All pay deductions should be in writing, signed by the employee with the understanding that it is revocable.

CAUTION: If the employer makes an illegal deduction, the double damages and attorney fee provision of the statute will apply.

4. The interest an employer may charge for advances is set at the prime rate (currently 3.25%) plus 4%.

FINAL POINT: Advancing money to the employee is not a good HR practice. The prudent employer should have a strict policy against it.

Labor and Employment Team

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