INDIANA WAGE PAYMENT LAWS

References are to the Indiana Statutes Annotated and Indiana Administrative Code.

Employers Covered

All employers, except employers engaged in agriculture and horticulture. (§§ 22-2-5-1, 22-2-5-3)

Special Rules

Every 2 weeks, if requested, for employees in mining, quarrying, or manufacturing iron, steel, lumber, staves, heading barrels, brick, tile, machinery, agricultural or mechanical implements, or article of merchandise (unless weekly by contract or mutual consent). (§ 22-2-4-1)

Salaried employees, who are eligible for overtime compensation under the Fair Labor Standards Act, are not covered under wage payment laws. (§ 22-2-5-1.1)

Frequency of Payment

At least semimonthly or biweekly, if requested, and not more than 10 days following close of pay period. (§ 22-2-5-1)

Method of Payment

Cash, negotiable check, draft, or money order. (§ 22-2-5-1)

Employers engaged in mining and manufacturing must pay in cash, negotiable check, draft, or money order. (§ 22-2-4-1)

Employer who leases, rather than owns, the plant, works, tools appliances, and machinery to be used in conducting business, may be required to post a bond equal to twice the amount of the weekly payroll to ensure payment of wages. (§ 22-2-11-1)

Direct Deposit

Employer may pay wages by electronic transfer to the financial institution designated by the employee. (§ 22-2-5-1)

Employers engaged in mining and manufacturing may pay wages by electronic transfer to financial institution designated by the employee. (§ 22-2-4-1)
Wage Disputes

In case of a dispute over wages, employer must notify employee of the amount of wages employer concedes to be due, and must pay that amount, without condition, within the time specified for wage payments. Acceptance of such payment by employee does not constitute a release of the balance of the claim. (§ 22-2-9-3)

Penalties

An employer who publishes, issues or circulates any check, card, or other paper which is not commercial paper payable at full face value with 8% interest to employees for work performed commits a Class C infraction. (§ 22-2-4-2)

It is a Class C infraction for an employer to knowingly sell to an employee any merchandise or supplies at a higher price than the merchandise or supplies are sold to others for cash. (§ 22-2-4-3)

Employer who fails to pay wages for 10 days after demand has been made is liable for the full value of the wages, plus $1 per day, up to double the amount of wages due. (§ 22-2-4-4)

Employer who fails to pay wages as required must pay in addition to amount owed, as liquidated damages, 10% of the amount due for each day the wages are unpaid, up to double the amount of wages owed. (§ 22-2-5-2)

Commissioner of labor enforces wages payment provisions. Claims may be referred by commissioner to the attorney general, who may initiate civil actions to recover wages. (§ 22-2-9-4)

Wage claims of less than $800 may be assigned to commissioner of labor to prosecute actions for collection of these claims. (§ 22-2-9-5)

INDIANA PAYMENT ON TERMINATION

References are to the Indiana Statutes Annotated and the Indiana Administrative Code.

**Discharge**

All wages owed must be paid on the next regular payday of the pay period in which separation occurs, except for railroad employees. (§ 22-2-9-2)

**Quit**

All wages owed must be paid on the next regular payday. (§ 22-2-5-1)

If employee leaves voluntarily, and without the employee's whereabouts or address being known to the employer, wages must be paid within 10 days after the employee makes a demand for the wages due, or when the employee has furnished an address where the wages may be sent or forwarded. (§ 22-2-5-1)

**Strike**

Striking employees to be paid earned wages on next regular payday. All amounts due all persons whose work has been suspended as a result of a labor dispute must be paid. (§ 22-2-9-2)

**Vacation Pay**

Indiana has no law regarding the payment of vacation pay following an employee's termination. However, the state Court of Appeals found that "vacation pay is in the nature of deferred compensation in lieu of wages earned each week the employee works, and is payable at some later time." The court also remarked that "An agreement to give vacation pay to employees made before they perform their service, and based upon the length of service and time worked is not a gratuity but rather is in the form of compensation for services." The fact that the employer had no specific policy for dealing with vacation pay upon termination influenced the court's conclusion that it must pay the vacation pay, plus a penalty of $1 per day for 260 days for failure to pay, plus attorney's fees, because of its failure to pay vacation pay upon the employee's termination. *(Die & Mold, Inc. v. Western, Ind CtApp, 448 N.E.2d, 1983)*