

FACT SHEET



New paystub law: facts for employers

New Virginia Law: As of March 10, 2020, Virginia employers must provide paystubs to employees (except agricultural workers), on “each regular pay date” showing their rate of pay, number of hours worked, gross wages earned, amount and purpose of any deductions and the employer’s name and address. Receiving a paystub or an online accounting with this information shows workers how they are paid, and is essential for filing taxes.

What about salaried workers? Salaried workers must get a paystub as well, but for workers who are paid salaries and are exempt from overtime, the paystub does not have to reflect all hours worked. However, employers should be careful to check if all their salaried employees are still exempt from overtime. As of January 1, 2020, the federal minimum salary threshold for exempt “white-collar” employees was raised to \$35,568.

New salary threshold for certain exempt employees: The Fair Labor Standards Act (FLSA) requires that most workers be paid time-and-a-half for hours worked over 40 per week except for workers who are exempt from overtime. The FLSA applies to businesses with more than \$500,000 in annual revenue or businesses involved in interstate commerce. There are a few types of workers that are either exempt from overtime or both minimum wage and overtime. One of the largest categories of exemptions is the exemption for executive, administrative and professional employees (so-called “white collar” employees). These employees often receive salaries.

The FLSA has a minimum salary threshold for these white-collar exemptions. If the worker is paid less than the threshold, he/she is eligible for overtime (and is not exempt). On January 1, 2020, the minimum salary level for white-collar workers was raised from \$23,000 per year (\$455 per week) to \$35,568 per year (\$684 per week). This means if you pay a salaried executive, administrative or professional employee less than \$35,568 per year, the person is eligible for overtime and you must provide a paystub documenting the worker’s hours.

Generating the Paystub. Unless your business is agricultural, you must provide workers with a paystub with the required information or online access to that information. Traditional payroll services like Paychex, ADP or Dominion Payroll, will auto-generate paystubs once you enter time and rate of pay. These firms also assist with employee tax filings. You do not have to use a payroll service to produce a paystub. You must have employee records showing number of hours worked, and you must give them paystubs with all of the required information. If your business pays workers hourly or if workers are eligible for overtime, you must make sure the number of hours worked is shown on the paystub. Salaried workers not eligible for overtime do not have to show their hours worked on the paystub. Small businesses that handwrite checks can still do so, but they will need to give workers a paystub or online accounting access to the required paystub information. Software is available for less than \$100 that will produce paystubs for businesses. SOURCE – VA Code: <https://law.lis.virginia.gov/vacode/title40.1/chafter3/section40.1-29/>