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Indiana Law Now Allows Paycheck Deductions for Uniform Rentals

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Under an amendment to the state's wage deduction statute, employers in Indiana may now deduct from an employee's paycheck the rental cost of uniform shirts, pants, and other job-related clothing. The amendment, Senate Bill 99, was signed by Governor Eric Holcomb on May 1, 2019, and went into effect immediately.

Indiana has a very restrictive wage deduction statute that only permits deductions if they are part of a written agreement by both the employer and employee, are personally signed by the employee, and are revocable at any time by the employee. In addition, a deduction may only be made for one of the reasons listed in the statute, such as health insurance premiums and union dues. Two common items that, until recently, were not listed among the allowable deductions were the cost of employee uniforms and the purchase of tools and equipment needed by an employee to complete his or her job. In 2015, the Indiana legislature added the *purchase* of uniforms and job-required equipment to the list of permissible deductions but did not include the costs of uniform *rental*, despite the fact that such costs routinely were deducted from paychecks by employers, particularly when the uniforms were provided by a third-party service.

Under the newly-enacted amendment, uniform rental likewise may be deducted from an employee's wages, with a cap of either \$2500 annually or five percent of the employee's weekly disposable earnings, whichever is less. However, the cost of personal protective equipment required by federal rules may not be deducted.

Furthermore, and in what certainly will be a sigh of relief to employers facing potential pre-amendment violations, the amendment legalizes any deduction agreed upon prior to the amendment's effective date, if it meets the above requirements and the amount deducted was either retained by the employer and credited upon an indebtedness owing to the employer by the employee, or was paid by the employer.

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