



PAYROLL CURRENTLY

The Payroll Compliance Publication of the American Payroll Association

Volume 18

Issue # 7

July 9, 2010

Vermont

Employee misclassification penalties enacted. Effective 7-1-10, an employer that fails to properly classify an individual as an employee is subject to a maximum penalty of \$5,000 per misclassified employee. An employer found to have misclassified employees will be prohibited from contracting, directly or indirectly, with the state for up to three years following the date of the violation [H.B. 647, L. 2010].

New hire reporting requirements revised. Effective 7-1-10, employers must report new hires within 10 calendar days of the first date of employment. The report must also include the new hire's first date of employment. New hire reporting should be done electronically or on a form supplied or approved by the Department of Labor. Previously, the law required employers to report all new hires within 20 days of hire [H.B. 792, L. 2010].

Paycard use permitted. Employers may now use paycards to pay employees' wages as long as certain conditions are met. The employer must provide the employee with written disclosure in plain language of all of the employee's wage payment options and the terms and conditions of a paycard account. The employee must voluntarily consent in writing to the payment of wages by paycard and the consent must not be a condition of hire or continued employment. The employee must receive at least three free withdrawals from the paycard, one of which permits withdrawal of the full amount of the balance at a federally insured depository institution or other location convenient to the place of employment. None of the employer's costs associated with the paycard account can be passed on to the employee. The paycard issued to the employee must be a branded paycard. However, a nonbranded paycard may be issued for temporary purposes and cannot be valid for more than 60 days [S.B. 58, L. 2010].