

INDIANA

Indiana Now Allows Payroll Deductions For Uniform Rentals

On May 1, 2019, Indiana Governor Eric Holcomb, signed [Senate Bill 99](#) into law. This law, which took immediate effect, amended Indiana's wage deduction statute.

Under the new law, employers are allowed to deduct the cost of renting uniform shirts, pants and related clothing from an employee's paycheck. Employers are also permitted to deduct the cost incurred for the purchase of equipment or tools necessary to fulfill the duties of employment from the employee's paycheck. Employers cannot, however, deduct for the costs of personal protective equipment.

The amount of the deduction cannot exceed the direct cost paid by an employer to an external vendor for those items and is capped at the lesser of \$2,500 annually or five percent of the employee's weekly disposable (post-tax and withholding) earnings.

Please be advised that in Indiana, payroll deductions are only permitted if the employer and the employee enter into a written agreement (signed by the employee) where the employee agrees to the deduction and where the agreement is revocable by the employee at any time. Employers can take advantage of this new law by asking employees to agree to payroll deduction for the cost of uniform rental (which includes shirts, pants and other job-related clothing), up to the statutory cap.