**Exempt Employees: Permitted and Prohibited Deductions**

Employees classified as exempt from overtime must generally receive their full salary regardless of the quality or quantity of work performed, provided they work any part of the workweek. Deductions from their salary are permitted in very limited circumstances. The following chart covers permitted and prohibited deductions from exempt employees’ salaries under federal law.

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| **Scenario** | **Is a Deduction from an Exempt Employee’s Salary Permitted?** | **Notes** |
| **Personal Reasons** | | |
| An employee is absent for one or more full days for personal reasons other than sickness or disability. | Yes |  |
| An employee is absent for a partial day for personal reasons other than sickness or disability. | No | An employer that offers personal leave may make partial-day deductions from the employee’s *leave bank*. In this scenario, the employee still receives their full salary amount, but their leave bank is reduced.However, if the employee doesn’t have leave in their bank to fully cover the partial-day absence, no deductions may be made to their salary. |
| An employee leaves work two hours early to attend a parent-teacher conference at their child’s school. | No |  |
| **Illness** | | |
| An employee is absent for one or more full days due to sickness or disability and the employer has a bona fide plan, policy or practice of providing compensation for salary lost due to illness. | Yes |  |
| An employee is absent for one or more full days due to sickness or disability and the employer doesn’t have a bona fide plan, policy or practice of providing compensation for salary lost due to illness. | No |  |
| An employee is absent for a partial day due to sickness or disability and the employer has a bona fide plan, policy or practice of providing compensation for salary lost due to illness. | No | An employer that offers a paid sick leave plan may make partial-day deductions from the employee’s *leave bank*. In this scenario, the employee still receives their full salary amount, but their leave bank is reduced.However, if the employee doesn’t have leave in their bank to fully cover the partial-day absence, no deductions may be made to their salary. |
| An employee is absent for one or more full days due to sickness, and the employer *has* a bona fide plan, policy or practice of providing compensation for salary lost due to illness, but the employee has already exhausted their paid sick leave allowance. | Yes | Under federal rules, deductions may be made for full-day absences due to sickness before the employee has qualified for the paid sick leave plan or after the employee has exhausted the leave allowance under the plan. |
| **Jury and Military Duty** | | |
| To offset jury or witness fees, or for temporary military duty pay | Yes |  |
| An employee is absent from work for three days because of jury duty or military duties. | No | An employer cannot make deductions for absences of an exempt employee due to jury duty, serving as a witness or military leave. The employer may offset any amount received by an exempt employee as jury fees; witness fees or temporary military pay for a particular week against the salary due for that particular week. The employee need not be paid for any workweek during which they perform no work. |
| **Disciplinary** | | |
| For penalties imposed in good faith for infractions of safety rules of major significance | Yes | Safety rules of major significance include those related to the prevention of serious danger in the workplace or to other employees, such as rules prohibiting smoking in explosive plants, oil refineries or coal mines. A deduction from pay as a penalty for violating a safety rule of major significance can be made in any amount. |
| For unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace misconduct and employer has a written policy | Yes | An employer may impose in good faith an unpaid suspension for infractions of workplace conduct rules, such as rules prohibiting sexual harassment, workplace violence or drug or alcohol use or for violations of state or federal laws. Provision refers to serious misconduct, not performance or attendance issues. The suspension must be imposed pursuant to a written policy applicable to all employees. |
| For unpaid disciplinary suspensions of a partial day imposed in good faith for workplace misconduct and employer has a written policy | No |  |
| For unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace misconduct and employer doesn’t have a written policy | No |  |
| The employee failed to deliver an important project on time and it still had many mistakes. | No |  |
| The employee is late to work too often. | No |  |
| The company’s equipment was lost or damaged. | No |  |
| **Company Closures/Holidays** | | |
| The employer is closed for a partial day or full day due to a weather emergency. | No. |  |
| The company remained open during inclement weather, but an exempt employee decided to stay home and performed no work during the day. | Yes | If you remain open and an exempt employee chose to stay home because of the weather, and doesn't work at all, you may generally reduce the employee's salary accordingly. If the employee works any part of the day, you must pay the employee their full salary. |
| The employer is closed on a holiday. | No |  |
| An employee has an unscheduled absence the day before a company holiday, and the employer has a policy requiring employees to work the day before and after a holiday to receive pay. | No | Such policies can only be applied to non-exempt employees. |
| There isn’t enough work, so the employer sends the exempt employee home the last two days of the workweek as part of a furlough. | No | Unless a furlough lasts a full workweek, exempt employees must receive their full salary. For this reason, employers generally furlough exempt employees only in increments of full workweeks. |
| **Miscellaneous** | | |
| Partial-day or full-day leave taken under the Family and Medical Leave Act (FMLA) | Yes | An employer isn’t required to pay an exempt employee the full salary for weeks in which they take unpaid leave under the FMLA. The employer may pay a proportionate part of the full salary for time actually worked. |
| In the employee's initial or terminal week of employment, the employee doesn’t work the full week. | Yes |  |