

Title:

Payroll Texas, Unique Aspects of Texas Payroll Law and Practice

Word Count:

782

Summary:

Texas payroll has some unique aspects and conditions. Some of the details and laws are set out in this article including information concerning tax withholding and reporting; unemployment insurance taxes and reporting; wage and hour laws; and child support withholding.

Keywords:

Payroll Texas, Texas payroll, payroll, payroll taxes, payroll withholding, payroll service

Article Body:

There is no personal state income tax in Texas. Which means no withholding of State Income Taxes.

The Texas State Agency charged with enforcing the state wage and hour laws is:

The Texas Workforce Commission

101 East 15th St.

Austin, Texas 78778-0001

512-837-9559

www.twc.state.tx.us/

Except for taxes and student loans there are no garnishments in Texas. No creditor other than the IRS or one of the student loan collection agencies can take money out of your paycheck without your permission.

**The agency that collects and pays unemployment benefits is the Texas Workforce Commission. **

Its main office is in Austin, Texas. Their address is:

Texas Workforce Commission

101 East 15th Street

Austin, Texas 78778-0001
512-837-9559
www.twc.state.tx.us/

The unemployment rate varies based on your company's experience but the initial rate starts at 2.7% on the first 9000.00 of wages paid to an employee in the state.

There is no requirement in Texas for a company to carry Workers Compensation Insurance. Texas is the only state where it is not required.

Texas now allows mandatory imposition of Direct Deposit. The employer just cannot choose the financial institution the employee has the right to pick any financial institution that accepts direct deposits. There must be no additional fees to the employee for direct deposit.

Another unique aspect of Payroll in Texas is there is no provision in the State law for overtime. All overtime is governed only by FLSA if appropriate. So a purely intrastate employer in Texas does not have to legally pay overtime premium.

The state minimum wage in Texas is \$5.15 per hour. It used to be well under federal rates.

In Texas you must pay at least semi-monthly except that FLSA-exempt employee can be paid on a monthly basis.

Payment on termination in Texas is six days for an involuntary termination and the next regular payday for a voluntary resignation

Texas requires the following information on an employee's paystub:

- Employee's Name
- Pay rate
- Gross and net earnings
- Amount and purpose of deductions
- Hours worked or work done if piece work

Escheat laws in Texas require that unclaimed wages be paid over to the state after one year and 180 days if less than \$100.00. The employer is further required in Texas to keep a record of the wages abandoned and turned over to the state for a period of 10 years.

Wages due a deceased employee are not covered by any provision in Texas.

Texas State new hire reporting requirements are that every employer must report every new hire and rehire. The employer must report the federally required elements of:

- Employee's name
- Employee's address
- Employee's social security number
- Employer's name
- Employers address
- Employer's Federal Employer Identification Number (EIN)

Plus they can optionally report

- Date of Birth
- Date of Hire
- Payroll address for Child Support Notice

This information must be reported within 20 days of the hiring or rehiring. The information can be sent as a W4 or equivalent by mail, fax or electronically.

There is no penalty currently for a late report.

The Texas new hire reporting agency can be reached at 888-839-4473 or on the web at www.newhire.org/tx .

There is no provision in the Texas State Payroll laws covering mandatory rest or meal breaks.

Cafeteria Plan and 401(k) deferrals that are exempt from federal income tax are counted as taxable income for unemployment insurance calculation in Texas.

Texas requires magnetic media reporting of earnings and contributions for unemployment insurance purposes if the employer has at least 250 employees to report.

Texas has no State Income tax so no State W2's have to be prepared, distributed or transmitted to the state

Texas has the following provisions for child support deductions:

- When to start Withholding? **Immediately** after receipt of

order.

When to send Payment? Within 7 days of Payday.

When to send Termination Notice? Within 7 days of
termination.

Maximum Administrative Fee? \$2 per month.

Withholding Limits? Federal Rules under CCPA.

The Texas agency charged with enforcing Child Support Orders and laws is:

Child Support Division

Office of the Attorney General

300 W. 15th Street

Austin, TX 78701

512-460-6000

<http://www.oag.state.tx.us/child/#services>

States have different requirements for maintaining wage and hour records that vary from the two or three years FLSA requires depending on the type of record. Texas has no provision in the law concerning retention