

December 20, 2005

Economic Development Tax Incentives -- Salaried Employees Considered Full-time Employees. A SALARIED EMPLOYEE WILL BE CONSIDERED TO HAVE WORKED THE NUMBER OF HOURS THAT THE EMPLOYER HAS ESTABLISHED AS THE REGULAR WORKWEEK FOR A FULL-TIME HOURLY EMPLOYEE.

Advice has been requested as to determining the number of hours to be used for a salaried employee for the purposes of the Nebraska Advantage Act in calculating the number of full-time equivalent employees.

A salaried employee who is considered a full-time employee by his or her employer will be treated as having worked the number of hours established as the regular workweek for full-time hourly employees for any time period for which the full amount of the salary is paid. A salaried employee will be considered to have worked a full workweek during periods that include vacation, compensatory time, or sick leave if the full salary is paid for the period.

A salaried employee will be considered to have worked more than the normal workweek of the employer only when the amount paid for the comparable period is proportionally increased because of the additional work performed. If the amount of the salary is not proportionally increased, then only the regular number of hours will be included.

If the salaried employee only receives a portion of the normal salary for a particular time period, then the number of hours worked will be in the same proportion to the regular workweek as the amount paid is to the full salary.

When the employer does not use a forty hour workweek for determining full-time employment for hourly employees, then the number of full-time equivalents for the salaried employees will be different than the number of salaried employees.

For example, if the regular full-time workweek for hourly employees is thirty-six hours, then each salaried employee will be considered to have worked thirty-six hours a week. When converted to equivalent employees of forty hours a week, each salaried employee will be nine-tenths of an equivalent employee.

APPROVED:



Mary Jane Egr
State Tax Commissioner

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