

Fact Sheet #3: Professional Offices Under the Fair Labor Standards Act (FLSA)

This fact sheet contains information to assist in determining how the [Fair Labor Standards Act \(FLSA\)](#) applies to Professional Offices, e.g., doctors, lawyers, accountants, etc.

Characteristics

Professional offices provide services to their customers, clients, patients which may or may not involve the sale of "goods" or "products". Many such offices are small, with few employees, and are local in nature. Others may be part of a larger enterprise with more than one office or establishment.

Coverage

The FLSA provides two methods for determining whether provisions of the Act apply to employees of a given employer.

If the annual dollar volume of sales or business done is \$500,000 or more, whether from an enterprise made up of only one establishment or one with multiple establishments, all employees of the enterprise are covered by the Act on an "enterprise" basis.

Additionally, the Act also provides an "individual employee" basis of coverage. If the gross sales or volume of business done does not meet the requisite dollar volume of \$500,000 annually, employees may still be covered if they individually engage in interstate commerce, the production of goods for interstate commerce, or in an occupation closely related and directly essential to such production. Interstate commerce includes such activities as transacting business via interstate telephone calls or the U. S. Mail (such as handling insurance claims), ordering or receiving goods from an out-of-state supplier, or handling the accounting or bookkeeping for such activities. It would also include the handling of credit card transactions since that involves the interstate banking and finance systems.

Requirements

Employees who are covered by the FLSA are entitled to be paid at least the Federal [minimum wage](#) as well as [overtime pay](#) at time and one-half the regular rate of pay for all hours worked over 40 in a workweek. (This may not apply to certain [executive, administrative, and professional employees including computer professionals and outside sales](#)). The Act also contains [youth employment provisions](#) regulating the employment of minors under the age of 18 in covered work, as well as [recordkeeping](#) requirements.

Typical Problems

(1) Paying non-exempt employees a salary and not paying time and one-half for hours over 40 a week, (2) not paying employees for [all hours](#) they work, e.g., reporting early or working through lunch break or staying late without being paid for such extra time, (3) not paying for the time employees spend performing work at home or not including such hours for overtime purposes.

Some Other Pertinent Labor Laws: (1) [The Immigration Reform and Control Act](#) requires employers to complete and maintain I-9 forms to verify the employment eligibility of all individuals hired after November 6, 1986. (2) [The Wage Garnishment Law](#) limits the amount of an individual's income that may be garnished and prohibits firing of an employee whose pay is garnished for a single debt. (3) [The Employee Polygraph Protection Act](#) prohibits most private employers from using any type of lie detector tests either for pre-employment screening or during the course of employment. (4) [The Family and Medical Leave Act](#) requires covered employers to provide "eligible" employees up to 12 weeks of unpaid, job-protected leave each year for specific family and medical reasons.

Where to Obtain Additional Information

For additional information, visit our Wage and Hour Division Website: <http://www.wagehour.dol.gov> and/or call our toll-free information and helpline, available 8 a.m. to 5 p.m. in your time zone, 1-866-4USWAGE (1-866-487-9243).

This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.

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