

Overtime Credit

If proper records are kept, overtime wages may be reported as straight time wages. The employer's records must show separately by employee, and in summary by class of work, the amount paid for overtime.

Tip If an employee works 40 regular hours and 10 overtime hours, multiply the total hours worked (50) by the straight time rate to determine the reportable payroll.

If overtime is paid at the rate of 1 ½ time, reduce the total paid overtime by 1/3.

Regular Pay (40 hours at \$10 per hour)	Overtime Pay at 1.5 (20 hours at \$15 per hour)	1/3 of OT Pay (40 hours at \$10 per hour)	Regular Pay + OT Pay – 1/3 of OT Pay = Amount to Report
\$400	\$300	\$100	\$400 + \$300 - \$100 = \$600

If overtime is paid at the rate of double time, reduce the total paid overtime by 1/2.

Regular Pay (40 hours at \$10 per hour)	Overtime Pay at 2 (20 hours at \$20 per hour)	1/2 of OT Pay (\$400 divided by 2 = \$200)	Regular Pay + OT Pay – 1/2 of OT Pay = Amount to Report
\$400	\$400	\$200	\$400 + \$400 - \$200 = \$600

Subcontractors and Other Labor

When your business uses subcontractors, the subcontractor, for workers' compensation purposes, may be considered a reportable subcontractor or an independent contractor. Determining whether a worker is a reportable subcontractor or an independent contractor depends solely on the facts surrounding each work situation. If you need to report payroll for a subcontractor, please call your underwriter or auditor for assistance with determining the correct amount to report.

Owners, Partners, and Officers

If an owner, partner, or officer is covered on the policy, their name will appear on the payroll report, and their payroll must be reported. If the owners', partners', or officers' name does not appear on the payroll report, do not include their payroll.

The classification code used to report covered owners', partners', or officers' payroll is assigned by the underwriter at the time of inception of the policy or at the time the coverage endorsement is added to the policy.

Covered owners', partners', and officers' reportable payroll is subject to minimum and maximum requirements. If you have questions about how much payroll to report for covered owners, partners, or officers, contract your underwriter at SIF or email underwritingim@idahosif.org.

Classification Codes

If you have multiple classification codes assigned to your policy, make sure you understand each one so you can separate and report your payroll correctly. Generally, the entire payroll of an employee is reported to a single classification code, but there can be exceptions. The National Council on Compensation (NCCI) rules allow for an employee's payroll to be divided between two or more classification codes under certain circumstances in some industries.

If your underwriter or auditor has explained that you are eligible for payroll division, you may divide the payroll between appropriate class codes provided all of the following conditions are met:

- The payroll allocation (number of hours and amount of payroll for each type of work) is shown separately in your original entry records.
- The allocation is based on actual payroll incurred in each operation.
- The allocation is not based on an estimate or a percentage.
- Allocations are totaled and summarized monthly or quarterly by class of work.

If you choose not to maintain your records to take advantage of payroll division, please report the payroll for any one employee in the highest rated classification that represents any part of their work.

Tip Class codes 8810 Clerical Office Employees and 5606 Contractor Executive Supervisor are not available for a division of payroll.