

ACCOUNTING SERVICES ADVISORY

Federal Minimum Wage Increases July 24, 2009

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Our Accounting Team

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Dear clients and friends:

Since January 1, 2009 Florida's minimum wage has been \$7.21 per hour. In deciding whether the federal or state minimum wage applies, federal law directs that businesses must pay the higher of the two. The Florida minimum wage will prevail over the federal rate until such time as the federal minimum wage becomes higher than the state rate. The federal minimum wage will increase to \$7.25 on July 24, 2009. On this date, Florida employers must increase the minimum wage from \$7.21 to \$7.25.

Employers must pay their employees the hourly state minimum wage for all hours worked in Florida. The definitions of "employer," "employee" and "wage" for state purposes are the same as those established under the federal Fair Labor Standards Act (FLSA). Employers of "tipped employees" who meet eligibility requirements for the tip credit under the FLSA, may count tips actually received as wages under the FLSA. However, the employer must pay "tipped employees" a direct wage. The direct wage is calculated as equal to the minimum wage (\$7.21) minus the 2003 tip credit (\$3.02), or a direct hourly wage of \$4.19 as of January 1, 2009.

Employees who are not paid the minimum wage may bring a civil action against the employer or any person violating Florida's minimum wage law. The state attorney general may also bring an enforcement action to enforce the minimum wage.

FLSA information and compliance assistance can be found at:

<http://www.dol.gov/dol/compliance/comp-flsa.htm>.

If you would like more information, do not hesitate to contact us at (305) 373-5500.

Sincerely,

Phillip S. Sroka, CPA
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