

§ 779.0

- 779.408 "Full-time students."
779.409 Handicapped workers.

EMPLOYEES COMPENSATED PRINCIPALLY BY COMMISSIONS

- 779.410 Statutory provision.
779.411 Employee of a "retail or service establishment."
779.412 Compensation requirements for overtime pay exemption under section 7(i).
779.413 Methods of compensation of retail store employees.
779.414 Types of employment in which this overtime pay exemption may apply.
779.415 Computing employee's compensation for the representative period.
779.416 What compensation "represents commissions."
779.417 The "representative period" for testing employee's compensation.
779.418 Grace period for computing portion of compensation representing commissions.
779.419 Dependence of the section 7(i) overtime pay exemption upon the level of the employee's "regular rate" of pay.
779.420 Recordkeeping requirements.
779.421 Basic rate for computing overtime compensation of nonexempt employees receiving commissions.

Subpart F—Other Provisions Which May Affect Retail Enterprises

GENERAL

- 779.500 Purpose of subpart.

EQUAL PAY PROVISIONS

- 779.501 Statutory provisions.

CHILD LABOR PROVISIONS

- 779.502 Statutory provisions; regulations in Part 1500 of this title.
779.503 The retailer and section 12(a).
779.504 The retailer and section 12(c).
779.505 "Oppressive child labor" defined.
779.506 Sixteen-year minimum.
779.507 Fourteen-year minimum.
779.508 Eighteen-year minimum.

DRIVER OR DRIVER'S HELPER MAKING LOCAL DELIVERIES

- 779.509 Statutory provision.
779.510 Conditions that must be met for section 13(b) (11) exemption.
779.511 "Finding by Secretary."

RECORDS TO BE KEPT BY EMPLOYERS

- 779.512 The recordkeeping regulations.
779.513 Order and form of records.
779.514 Period for preserving records.
779.515 Regulations should be consulted.

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Subpart A—General

INTRODUCTORY

§ 779.0 Purpose of interpretative bulletin.

It is the purpose of this part to provide an official statement of the views of the Department of Labor with respect to the application and meaning of those provisions of the Fair Labor Standards Act, hereinafter referred to as the Act, which govern rights and obligations of employees and employers in the various enterprises in which retail sales of goods or services are made. The application of the Act to employment in such enterprises was greatly broadened by amendments effective September 3, 1961. The Act's application was extended to employment in additional retail and service enterprises by the Fair Labor Standards Amendments of 1966, effective February 1, 1967. Under the amended Act, there are many employees employed by retail or service establishments and in enterprises having such establishments engaged in the retail selling of goods or services who must be employed in compliance with its provisions. It is an objective of this part to make available in one place, for the guidance of those who may be concerned with the provisions of the law, the official interpretations of these provisions by which the Department of Labor will be guided in carrying out its responsibilities under the Act.

§ 779.1 General scope of the Act.

The Fair Labor Standards Act of 1938, as amended, is a Federal statute of general application which establishes minimum wage, maximum hours, overtime pay, equal pay, and child labor requirements that apply as provided in the Act. Employers and employees in enterprises in which retail sales of goods or services are made need to know how the Act applies to employment in these enterprises so that they may understand their rights and obligations under the law. All employees whose employment has the relationship to interstate or foreign commerce

Wage and Hour Division, Labor

§ 779.3

which the Act specifies are subject to the prescribed labor standards unless specifically exempted from them. Employers having such employees are required to comply with the Act's provisions in this regard and with specified recordkeeping requirements contained in Part 516 of this chapter. The law authorizes the Department of Labor to investigate for compliance and, in the event of violations, to supervise the payment of unpaid minimum wages or unpaid overtime compensation owing to any employee. The law also provides for enforcement in the courts.

§ 779.2 Previous and new coverage.

Under the Act as amended in 1966, an employer may have some employees subject to its minimum wages, maximum hours, overtime pay, equal pay, or child labor provisions who would be covered by such provisions under the prior law even if the amendments had not been enacted, and other employees whose coverage under such provisions was provided for the first time by the 1966 amendments. As explained in subparts B and C such provisions of the amended Act may apply to an employee by reason of the activities in which he is individually engaged, or because he is employed in an enterprise whose activities satisfy the conditions prescribed in the law prior to the amendments. On the other hand, such provisions of the amended Act may apply to an employee solely because he is employed in an enterprise whose activities satisfy only the conditions provided in the Act as it was amended in 1966. Previously covered employment in retail and service enterprise is subject to different monetary standards than newly covered employment in such enterprises until February 1, 1971. On and after that date, every such employee subject to the minimum wage provisions will be entitled to not less than \$1.60 an hour. However, beginning February 1, 1969, every such employee subject to the overtime provisions is entitled to overtime pay for all hours worked in excess of 40 in a workweek at a rate not less than one and one-half times his regular rate of pay. During the period for which different minimum wage provisions were made applicable, beginning with the effective

date of the 1966 amendments on February 1, 1967, and ending on January 31, 1971, a lower minimum wage rate is authorized for employees in employment brought under the minimum wage provisions of the Act for the first time by the amendments than for those subject to the minimum wage provisions under the prior Act. Also, in the period beginning with the effective date of the amendments and ending on January 31, 1969, employees in employment brought under the overtime pay provisions for the first time by the amendments could be employed for a longer workweek without overtime pay, as specified in the Act. Accordingly, employers who do not wish to pay all covered employees for employment during such periods the minimum wages and overtime pay required for employment covered under the prior provisions will need to identify those employees who are covered under the prior provisions and those who are covered under the new provisions when wages are computed and paid under the Act.

§ 779.3 Pay standards for employees subject to previous coverage of the Act.

Before the 1966 amendments, the Act applied, as it still applies, to employees individually engaged in interstate or foreign commerce or in the production of goods for such commerce, and to employees in certain enterprises, including enterprises in which retail sales of goods or services are made. The tests by which coverage based on the employee's individual activities is determined were not changed by the 1966 amendments and are described in subpart B of this part. An employee in an enterprise whose activities satisfy the conditions prescribed in the law prior to the 1966 amendments (discussed in subpart C) is covered under the present Act. Any employee whose employment satisfies the tests by which individual or enterprise coverage is determined under the Act prior to the 1966 amendments and who would not have come within some exemption in the law prior to the amendments is subject to the monetary provisions prescribed in the law for previously covered employees and is entitled to a minimum wage of