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# Bailey, Carr & Co.

CERTIFIED PUBLIC ACCOUNTANTS

Dear Clients:

Recently the question of an unpaid intern has come up from several of our clients.

Unpaid interns come in various forms. In some cases it is a student at a local university who needs to do some practical learning. In other cases, especially with the current economy, it is an individual who is looking to gain experience for their resume and is willing to work for no pay.

In order to find the answer as to whether or not you need to pay an intern in New York State, I have turned to the New York State Department of Labor Minimum Wage Order booklet. In the regulations, they define an employee.

When it comes to an intern, the only reference is a student. A student is not considered an employee if he or she works for the college or university or any institution or association tied to the college.

If we take this and examine it, despite what the university or college may tell you, it does appear that unless you have become an integral part of the college or university the intern needs to be paid at least minimum wage.

Therefore, we would recommend that you run the payroll for any intern through your normal payroll. One advantage to having an intern, who is part of a college program, is that you are not required to pay unemployment, either federal or state, on that intern. No, it is not as rosy as a lot of the people like to think. In New York State the only organizations that can have a volunteer or one who is not paid for the service that they are providing is if the organization is either a tax-exempt entity or part of a governmental unit.

If you have any other questions on this or would like to discuss it further, please feel free to give us a call. We are here to help you.