



DOCKING AN EMPLOYEE'S PAY

Employees can be costly. They may damage your property, fail to return items "borrowed", and may even cause you to lose a customer or two. While docking an employee's pay seems to be the logical solution to matters such as this, there are very specific laws that limit an employer's ability to do so. **In the end, an employee's right to his/her wages earned supercedes the employer's right to recoup losses.**

In the state of Indiana, as in most states, the employee must give the employer written permission to deduct wages for any reason other than court ordered garnishments or tax levies. The document providing permission **must be in writing, be signed by the employee, be revocable with written notice to the employer, and be presented to the employer within ten (10) day of execution.**

In general, once this permission is received, an employer can legally deduct benefit premiums/contributions; union dues; charitable contributions; employer to employee loan payments; and voluntary, agreed upon deductions such as uniforms and tools, from employee's pay. (Each state has it's own list of acceptable deductions.)Where it gets "sticky" is when an employer attempts to deduct dollars from an employee's pay without prior authorization/consent - especially when those amounts are generally considered a cost of doing business. For example, Indiana law specifically states that it is "unlawful" for an employer to "fine" an employee for any reason by means of wage deduction.

If an employer experiences significant loss due to the actions/negligence of an employee, the employer basically is left with three choices: **1) Create a signed written repayment agreement** that authorizes wage deduction - don't coerce the employee to sign, however, or it may come back to bite you. Also keep in mind that some states require that the agreement allow for open-ended revocation by the employee; **2) Simply eat the cost;** or **3) Take the matter to small claims court** (or beyond depending on the severity). As with all things HR, documentation is key. Know all the facts, dates, and dollars associated with the incident or loss, and be certain the employee is at fault before attempting to collect anything through payroll or the courts.

More information regarding wage law in various states can be found at AccuPay's online HR Support Center. Contact your processor for a FREE 30-day trial. You can also find more information on each individual state's website.

As always, AccuPay's team of professionals is happy to assist you with any questions or concerns. **Contact us today at 317-885-7600 or at payroll@accupay.com.**

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