



August 30, 2016. Employers May Now Charge a \$50 One-time Fee to Process Income/Garnishment Withholding Orders through the Payroll System

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On August 30, 2016, Act 64 of 2016 went into effect, which amends Section 4348(j) of Title 23 of the Pennsylvania Consolidated Statutes. Section 4348(j) permits employers to charge a one-time \$50 administrative fee for the costs associated with processing income withholding/garnishments for support orders.

When charging the \$50 fee, companies can't deduct the fee from the amount of the support order. Instead, the fee will need to be charged to the employee directly and deducted as a payroll deduction.

Payroll Deduction Authorization Forms

When making **any** deduction from an employee's paycheck, employers are recommended to have the employee sign off and authorize through a Payroll Deduction Authorization Form <http://mccloskeypartners.com/wp/wp-content/uploads/2015/03/Payroll-Authorization-Form-2.pdf> to provide approval to employers to make the payroll deduction. The signed document should be retained in the employee's personnel file.

What about the former 2% administrative fee that employers could charge when setting up garnishments in the payroll system?

The former two-percent order amount that was allowed to be deducted each pay period ***is no longer permitted.***

The Pennsylvania Bureau of Child Support Enforcement has provided the below information to address frequently asked questions regarding the new fee.

- 1. Can employers assess the fee on subsequent orders? Answer:** The one-time \$50 fee applies to each employee, not each order. Therefore, employers may only collect up to one \$50 administrative fee for the duration of the employee's employment, ***regardless*** of the number of income attachments received for that one employee during his/her employment with the company.

2. How should employers handle employees who left employment and were subsequently rehired?

When can the fee be reassessed? Answer: The \$50 one-time fee limitation applies for the duration of the individual's employment. Seasonal, transient, and other typically low-income employees will be adversely affected by Act 64 if each subsequent time they are rehired with the same company they would be charged the \$50 fee. Therefore, rehired individuals are only eligible for a new \$50 fee when their start date is greater than one year from their previous termination date.

3. What should employers do if they are unable to update their payroll system before the August 30, 2016 effective date? Answer:

Employers may withhold the one-time \$50 fee at any time during the income attached employee's tenure with the company. Employers who are unable to update their payroll systems before August 30, 2016 may elect to withhold the fee after their system updates are complete. Employers may not continue to withhold a percentage fee until they are able to take the \$50 one-time fee.

For further information, employers may contact McCloskey Partners, LLC at:

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