



When is it Acceptable to make Deductions from an Employee Check

Authorized deductions

The following deductions from wages are authorized for the convenience of employees in accordance with the provisions of section 3 of the Wage Payment and Collection Law (43 P.S. § 260.3).

1. Contributions to and recovery of overpayments under employee welfare and pension plans subject to the Federal Welfare and Pension Plans Disclosure Act (29 U.S.C.A. § 301 et seq.)
2. Contributions authorized in writing by employees or under a collective bargaining agreement to employee welfare and pension plans not subject to the Federal Welfare and Pension Plans Disclosure Act (29 U.S.C.A. § 301 et seq.) These include group insurance plans, hospitalization insurance, life insurance, provided such insurance policies are written by companies certified by the Pennsylvania Insurance Department, and group hospitalization and medical service programs offered by nonprofit hospitalization and medical service organizations and medical group plans.
3. Deductions authorized in writing for the recovery of overpayments to employee welfare pension plans not subject to the Federal Welfare and Pension Plans Disclosure Act (29 U.S.C.A. § 301 et seq.)
4. Deductions authorized in writing by employees or under a collective bargaining agreement for payments into the following:
 - a. Company-operated thrift plans.
 - b. Stock option or stock purchase plans to buy securities of the employing or an affiliated corporation at market price or less provided such securities are listed on stock exchange or are marketable over the counter.
5. Deductions authorized in writing by employees for payment into employee personal savings accounts such as the following:
 - a. Payments to a credit union.
 - b. Payments to a savings fund society, savings and loan, or building and loan association.
 - c. Payments to the savings department of banks for Christmas, vacation or other saving funds.
 - d. Payroll deductions for the purchase of United States Government bonds.

6. Contributions authorized in writing by the employee for charitable purposes such as the United Community Fund and similar organizations.
7. Contributions authorized in writing by the employee for local area development activities.
8. Deductions provided by law including but not limited to deductions for Old Age and Survivors Insurance (Social Security taxes), withholding of Federal or local income or wage taxes or occupation privilege taxes and deductions based on court orders.
9. Labor organization dues, assessments and initiation fees, and such other labor organization charges as are authorized by law.
- 10. Deductions for repayment to the employer of bona fide loans provided the employee authorizes such deductions in writing either at the time the loan is given him or subsequent to such loan.**
- 11. Deductions for purchases or replacements by the employee from the employer of goods, wares, merchandise, services, facilities, rent or similar items provided such deductions are authorized by the employee in writing or are authorized in a collective bargaining agreement.**
12. Deductions for purchases by the employee for his convenience of goods, wares, merchandise, services, facilities, rent or similar items from third parties not owned, affiliated or controlled directly or indirectly by the employer in the employee authorizes such deductions in writing.
13. Such other deductions authorized in writing by employees as in the discretion of the Department is proper and in conformity with the intent and purpose of the Wage Payment and Collection Law (43 P.S. §§ 260.1-260.2)

Payroll Wage Deduction Authorization Form

If an employee wage deduction is going to be processed, McCloskey Partners, LLC highly recommends that prior to any wage deduction that the employee be required to complete a Payroll Wage Deduction Authorization Form and sign off on the amount/ deduction period. This document should be retained in the employee file.

Sample Wage Authorization Language

Uniform

I authorize the Company to deduct _____ from my first/next regularly scheduled payroll for payment towards Company required Uniform. The deduction will be made post-tax.

Purchase of Goods provided by Company

I authorize the Company to deduct _____ from my next regularly scheduled payroll for the payment of _____ (good purchased through the Company). The deduction will be made post-tax.

Employee Signature _____

Date _____

If you have questions about payroll deductions, please contact McCloskey Partners, LLC directly:

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Email: info@mccloskeypartners.com.

Check out our website at <http://www.mccloskeypartners.com>

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