

Payroll deduction authorization forms

Excerpt from the *Employment Standards Code*, Part 2, Division 1, Section 12 Deductions from earnings

12(1) An employer must not deduct, set off against or claim from the earnings of an employee any sum of money, unless allowed to do so by subsection (2).

(2) An employer may deduct from the earnings of an employee a sum of money that is:

- (a) permitted or required to be deducted by an Act or regulation, including a regulation under this Act, or a judgment or order of a court,
 - (a.1) a recovery of an overpayment of earnings paid to the employee resulting from a payroll calculation error,
 - (a.2) a recovery of vacation pay paid to the employee in advance of the employee being entitled to it,
- (b) authorized to be deducted by a collective agreement that is binding on the employee, or
- (c) personally authorized in writing by the employee to be deducted.

(2.1) An employer must not deduct from the earnings of an employee a sum of money referred to in subsection (2)(a.1) more than 6 months after the overpayment was paid to the employee.

(3) Despite an authorization in a collective agreement or a written authorization by an employee, an employer must not deduct from earnings a sum for

- (a) faulty work, as defined in the regulations, of the employee or damage caused by the employee
- (b) cash shortages or loss of property if an individual other than the employee had access to the cash or property,
- (c) cash shortages resulting from a failure to collect all or any part of purchase price from a purchaser, or
- (d) any other circumstance specified by the regulations.

(4) An employer must give an employee written notice of a deduction from earnings under subsection (2)(a.1) or (a.2) before making the deduction.



EXAMPLE

A letter format like this one could be used if:

An employee rents the company's maintenance shop for personal use on the weekends. The employer charges the employee an hourly rate when used and deducts payment from the employee's paycheque.



- Authorizations for payroll deductions must be given by the employee to the employer in writing.
- The authorization must be clear and specific to the amount that is being deducted and its purpose.
- Always keep copies of letters on the employee's file.
- There are some deductions that are not allowed – even with written authorization from the employee. These include deductions for: faulty work, cash shortages, uniforms or loss of property.
- In order to change or stop an ongoing deduction from occurring, a new authorization form must be completed.



EXAMPLE

- Faulty work includes accidental damage to an employer's vehicle or mistakes in production.
- Cash shortages or loss of property include “walkouts” in a bar or restaurant or breakage in a restaurant.



- Employers don't need written authorization from the employee for the following deductions:
 - a recovery of an overpayment due to payroll calculation error, if the payment in error occurred in the previous 6 months
 - a recovery of vacation pay that was paid before it was earned
- Employers cannot make a deduction without employee authorization for overpayments that occurred prior to November 1, 2020.
- For deductions not requiring employee authorization, employers must provide employees with written notice before they make the deduction for the overpayment.

Payroll deduction authorization form (multiple instalment deductions)

Legal Name of Company and Address:

Company Phone Number:

In accordance with Part 2, Division 1, Section 12 of the *Employment Standards Code*, and, by signature below:

I _____ (print employee's name)
authorize my employer, _____ (name of employer)
to deduct the total amount of \$ _____ (total amount to be deducted or amount to be deducted per
pay period when total amount is unknown) off my earnings for receipt of the following:

(specify purpose of the deduction/rationale, e.g. cell phone, rent, meals, childcare, any invoice #, etc. that is
applicable).

This payroll deduction will be effective _____ (start date)
to _____ (end date, e.g. indefinitely or until repayment to the employer is complete).

The amount of \$ _____ (exact dollar amount) will be deducted from my
_____ (specify monthly / semi-monthly / bi-weekly / weekly or other)
pay periods and is no longer payable after pay period ending
_____ (state payroll end date or upon termination, etc).

Employee signature

Date

Payroll deduction authorization form (unique/one time deductions)

Legal Name of Company and Address:

Company Phone Number:

In accordance with Part 2, Division 1, Section 12 of the *Employment Standards Code*, and, by signature below:

I _____ *(print employee's name)*

authorize my employer, _____ *(name of employer)*

to deduct the total amount of \$ _____ *(total amount to be deducted)*

off my earnings for receipt of the following:

(specify purpose of the deduction/rationale, e.g. cell phone, rent, meals, childcare, any invoice #, etc. that is applicable).

This payroll deduction will be deducted off my

_____ *(specify monthly /semi-monthly / bi-weekly / weekly)*

pay period ending _____ *(state payroll end date or upon termination).*

Employee signature

Date

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Ask a question online at: <https://www.alberta.ca/contact-employment-standards.aspx>

TTY/TDD for the deaf or hard of hearing:

780-427-9999 (Edmonton and surrounding areas) 1-800-232-7215 (Toll-free)

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