

PAYBACK FROM EMPLOYEE FOR PAYROLL OVERPAYMENT

Purpose

To calculate the net amount to be paid back by the employee for a payroll overpayment by the district.

When

This occurs when an employee has been overpaid on payroll and is required to payback the district.

Procedure

Run a new PAY510 to determine the actual amount the employee should have been paid and compare this to the original PAY510 the employee was paid from and complete the [Payback from Employee for Payroll Overpayment Calculation](#) form and submit with copies of PAY510's to BMAS.

It is the policy of BMAS not to adjust the federal and/or state income taxes withheld due to the overpayment. However, adjustments will be made for retirement, OASDI, and/or Medicare contributions.

If the district wishes to help the employee recoup the federal and/or state income taxes withheld due to the overpayment, they should instruct the employee to complete a new W-4 increasing their withholding allowances, which in-turn reduces the amount of federal and state income taxes withheld on subsequent payrolls. **CAUTION...** Once the taxes have been recouped by the employee, a new W-4 must be completed to return the employee to their original withholding status, or else the end result may be a tax shortage.

Section F of the [Payback from Employee for Payroll Overpayment Calculation](#) form should only be used when the district is able to cancel the voluntary deduction warrant before it is mailed to the vendor.

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Contact Person: Cheryl Dutton

Procedure Binder Section: Payroll