

Information on LABOUR STANDARDS

13 DEDUCTIONS FROM WAGES

Part III of the *Canada Labour Code* (Labour Standards)

1. If my employee owes me money, can I just take it out of his pay?

Not without written authorization from the employee. If the employer and employee agree that the money is owed and the employee agrees to have the money deducted from his pay, obtaining a written authorization is easy. However, when the parties disagree, the employer can't use his position to unilaterally decide that the money is owed and pay himself out of the employee's wages. Normally, parties who disagree about money owed are required to go through the civil court process to have the matter judged by an impartial third party. The *Code* sets out what amounts can be deducted from an employee's wages.

2. What can be deducted from an employee's pay cheque?

- a) deductions required by federal or provincial law such as taxes and employment insurance premiums
- b) deductions authorized by a court order such as child support garnishment or by a collective agreement such as union dues
- c) overpayments of wages
- d) specific amounts authorized in writing by the employee*

* Even with a written consent, an employer can't deduct amounts for property damage or loss of money if any other person had access to it.

3. Can I simply have my employee sign a statement that he will be responsible for any damage he causes?

A blanket authorization is not valid. In order for a written authorization to be valid, it has to show the exact amount being deducted, and be signed at the time that the deduction is made. In this way, the employee understands what he is signing and how/when it will affect him.

4. What about monthly insurance premiums? Does the employee have to sign an authorization every month?

No. For regular payments such as charitable donations, savings plans contributions, medical and dental plan premiums, life insurance and long term disability premiums, pension plan or RRSP contributions, the signed authorization should set out the amounts of the deductions, the purpose and the frequency of the deductions.

5. What if my employee refuses to sign an authorization to deduct tickets he received under the *Highway Traffic Act*?

Tickets and fines can only be deducted from an employee's wages if that employee gives written consent. If the employer feels that the employee is responsible to pay them, an alternative is civil court.

6. Can the employee be forced to sign an authorization?

The employee's consent must be voluntary. In the event of a complaint investigation, the inspector will look at the circumstances under which the authorization was signed. If it is found that coercion was used, the inspector may find that the authorization is not valid.

This publication is provided for information only. For interpretation and application purposes, please refer to Part III of the *Canada Labour Code* (Labour Standards), the *Canada Labour Standards Regulations*, and relevant amendments.

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