

3. Authorised deductions from wages

Legislation on authorised deductions from wages is set out in the **Employment Rights Act 1996**, Part I (section 13 – 27).

UK Gov: Employment Rights Act 1996

Employers should know that the Employment Rights Act 1996 provides limited protection to employees and workers from having unauthorised deductions made from their wages where employers have contravened legislation.

UK Gov: Information on Pay As You Earn PAYE

Employers can only make deductions from pay under certain circumstances, normally, this would be stated within contracts of employment, for example:

- This has been discussed and agreed beforehand, (it is best to have this arrangement in writing).
- An employer has made a mistake and overpaid the employee or worker.
- There is a requirement in law, i.e Income Tax / N.I.
- There is a court order for a wage arrestment/attachment order.
- The employee was on strike or taking industrial action.

UK Gov: HMRC Tools and Calculators

UK Gov: National Insurance rates and categories

UK Gov: Information on Pensions

It is best practice for an employer to ensure that agreements are reasonable for both sides and the affected employee or worker has accepted the arrangement in writing, especially when making a suitable repayment plan.

An employer has the right to make adjustments to any final pay when an employee or worker leaves their employment - for things like:

- Loans, e.g. a travel season ticket loan or car loan.
- Holiday pay.
- Training and educational courses paid for by the employer.
- Contractual Maternity Pay - as this is extra pay which often has conditions about returning to work for a certain time after maternity leave.
- Employers should have this noted in the Contract of Employment.



If you need more help with employment rights, contact your nearest **Citizens Advice Bureau**.

UK Gov: Deductions & Payments from Workers PPE Legislation

HSE: PPE Regulations

There are specific rules for provision of Protective Personal Equipment PPE which employers should be aware of.

Where an employer finds PPE to be necessary after a risk assessment, using the hierarchy of controls explained in the link opposite, they have a duty to provide it free of charge.

Bonuses and commissions count as wages. If commission is overdue at the end of the employee or worker's contract of employment, the employer must pay this, providing that the employer does not have a legal right to withhold the bonus or commission.

Further information on rates and thresholds for employers can be found here.

Employment (Allocation of Tips) Act 2023 came into force on 1st October 2024.

Employers should always include employees and workers as priority creditors if the business becomes insolvent. There is help available for struggling businesses through Scottish Enterprise and PACE, specific criteria may apply.

UK Gov: Rates and thresholds for employers 2025 to 2026

UK Gov: Guidance on tips, gratuities, service charges etc

Skills Development Scotland: PACE redundancy support

Citizens Advice provides further information on this which is aimed at employees but is also useful for employers to view.

Citizens Advice Scotland: Employer says you owe money

South of Scotland Employment Rights Advice Service

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