

Payroll deductions allowable under Colorado state law

C.R.S. 8-4-105 explains the payroll deductions allowable under Colorado state law. An employer may make deductions “mandated by or in accordance with local, state, or federal law including, but not limited to, deductions for taxes, ‘Federal Insurance Contributions Act’ (FICA) requirements, garnishments, or any other court-ordered deduction.”

Deductions may also be made for “loans, advances, goods or services, and equipment or property provided by an employer to an employee pursuant to a written agreement between such employer and employee, so long as it is enforceable and not in violation of law.”

In the case that a terminated employee was entrusted with the money or property while employed, money can be deducted for the amount of money or value of property that an employee failed to properly pay or return. “The employer shall have ten calendar days after the termination of employment to audit and adjust the accounts and property value of any items entrusted to the employee before the employee’s wages or compensation shall be paid as provided in section 8-4-109.”

An employer should not take a deduction for loss or damage to equipment unless the employee is notified and agrees in writing that he will be liable for the loss or damage and makes the agreement at the time the equipment is assigned to the employee.

The agreement must also specify the amount the employee will be penalized. In addition, state law

would prohibit the deduction unless an action for damage is ordered by a court in a set amount that complies with state garnishment laws.

An employer should not take a deduction for loss of funds, for example a cash register shortage, unless a similar written agreement is in place. Deductions may be made to cover the replacement cost of a shortage due to theft by an employee “if a report has been filed with the proper law enforcement agency in connection with such theft pending a final adjudication by a court of competent jurisdiction.”

C.R.S. 8-4-105 also states, “Nothing in this section authorizes a deduction below the minimum wage applicable under the ‘Fair Labor Standards Act of 1938’, 29 U.S.C. sec.201 et. seq.”

For more information, contact CTSI at 303-861-0507.