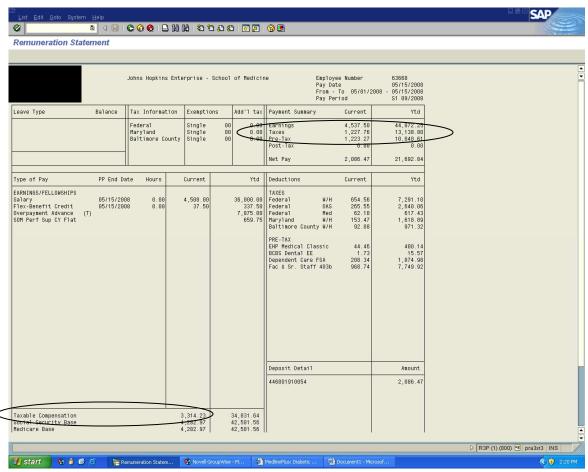
Payroll Deduction vs. Check payment when repaying a salary overpayment

REGULAR PAY:



The taxable compensation is the income minus any pre-tax deductions.

 $\begin{array}{lll} \text{Salary} & 4,500.00 \\ \text{Flex Credit} & \underline{37.50} \\ \text{Total Earnings} & 4,537.50 \\ \text{Pre-Tax deductions} & \underline{(1,223.27)} \\ \text{Taxable Compensation} & 3,314.23 \\ \end{array}$

Taxes are than computed and withheld based on \$3,314.23; total taxes are \$1,227.76 for this pay.

PAY WITH PAYROLL DEDUCTION FOR OVERPAYMENT REPAYMENT Remuneration Statement Employee Number Pay Date From - To 05/16/2008 Pay Period 63668 05/30/2008 05/31/2008 S1 10/2008 Ytd Leave Type Balance Tax Information Exemptions Add'1 tax Payment Summary Current 0.00 Earnings 0.00 Taxes 49,409.75 14,140.16 11,826.37 Federal Maryland Baltimore County Sinale 1,001.36 1,785.76 0.00 Single Single 0.00 Pre-Tax Post-Tax Net Pay 23,443.22 Type of Pay PP End Date Current Ytd Deductions Current Ytd EARNINGS/EELLOWSHIPS TAXES TAXES Federal Federal Federal Maryland Baltimore County 7,805.04 2,870.73 671.38 1,745.64 1,047.37 513.94 230.67 53.95 126.75 76.05 Salary Flex-Benefit Credit Overpayment Advance SOM Perf Sup CY Flat 4,500.00 37.50 40,500.00 659.75 PRE-TAX EHP Medical Classic BCBS Dental EE Dependent Core FOA Fac & Sr. Staff 403b Overpayment Repaymen 444.60 17.30 2.083.31 8,718.66 562.50 Deposit Detail Amount 446001910054 1,750.38

Overpayment repayments are pre-tax deductions. They reduce the amount of taxable compensation that one has on a given pay.

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37,583.38 46,302.04 46,302.04

2,751.74 3,720.48

Salary	4,500.00
Flex Credit	<u>37.50</u>
Total Earnings	4,537.50
Pre-Tax deductions	(1,785.76)
Taxable Compensation	2,741.74

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Taxable Compensation Social Security Base Medicare Base

Taxes are than computed and withheld based on \$2,741.74; total taxes are only \$1,001.36 for this pay.

The taxes withheld decreased by \$226.40. The overpayment repayment was \$562.50, but the employee only has a \$336.09 decrease in net pay, due to the lower taxable compensation.

Check/Money Order repayment:

If this employee would repay by check/money order, they would repay the net amount (70% of the gross overpayment amount). For example, if this gross overpayment was \$562.50, the employee would repay \$393.75. There will always be a slight difference in the two methods because of the use of 70% instead of the employee's exact tax calculations. The 70% is used for ease of calculation.

PAY WITH REPAYMENT BY CHECK/MONEY ORDER:

