

Salary Overpayments – Current Year

- **Overpayment forms for Calendar year 2019 must be received by Payroll Services no later than **Wednesday, November 20th at Noon****. Any current year salary overpayments not received by the deadline will become *prior calendar year salary overpayment* and the repayment amount the employee owes will be due to taxes and other regulatory items that cannot be adjusted after the calendar year closes. You will need to follow the [prior year salary overpayment process](#) provided by Retirement Reporting for instructions on how to process and complete the W-2C
- A current year overpayment must be recovered within the same tax year to be reflected on the current W2.
- A current year salary overpayment occurs when an employee has been overpaid and the warrant has been cashed or received via direct deposit, and the overpayment was not discovered until after the employee's constructive receipt of the payment.
- When excess income is repaid during the same calendar year, the amount can be excluded from gross income and the employer can apply a credit to the employee for the withheld federal and state income, Social security and Medicare taxes attributable to the excess income pursuant to section 6413(a) of the Internal Revenue Code. The employer should obtain and keep a written receipt showing the date and amount of the repayment [regulation 31.6413(a) 1(a) and 31.6413(a) 1(b)]
- Overpayment calculations for the difference between the issued pay and corrected pay must be completed and accurate before the form will be processed. The type of repayment must be clearly indicated. Attach copy if repaid by personal check. Indicate if repayment plan is in effect and payment will be fully recouped prior to the November payroll processing date of the current calendar year.
- Installment payments may be made through payroll, but the full amount has to be paid in the current calendar year.
- To deduct Net Pay amounts on the current year, use an After Tax deduction code such as "RCF" and submit the form 113 when complete.

- To deduct Gross Amounts on the current year, use earnings code “SRP” or the earnings code in which the overpayment occurred. If SRP is used, than the form 113 needs to go to Retirement to complete the necessary retirement reporting adjustments to either CalPERS or CalSTRS. The overpayment amount has to be paid in full within the calendar year.
- Overpayments that cross calendar year will need a corrected W2, and have different repayment requirements. Please work directly with Retirement Reporting.
- Overpayment Form to be reviewed by Payroll Services (**Pre-Audit**)
Backup required:
 - Form 113
 - Copy of the Review Self Service Paycheck screen
 - Breakdown of the Full Gross pay amount on line B, detailing earnings begin and end date, earnings code(s), hour(s) and rate(s).
- Overpayment Form Fully Repaid (**Completed**)
Backup required
 - Form 113
 - Copy of the Review Self Service Paycheck screen
 - Include copy of repayment by personal check or deduction summary if after-tax general deduction used.

Instructions for completing Form 113 – Salary Overpayment Computation

- Line A – Actual Issued Pay amounts
- Line B – Corrected Pay amounts
- Line A-B – Represents Overpayment
- Utilize a 3rd party Paycheck Calculator, such as www.paycheckcity.com to determine the corrected pay calculations.
- **Pay Period:** The month in which the pay warrant was issued (ex: M01)
- **Issue Date:** The issue date of the pay warrant (ex: 07/31/2017)
- **Full Gross/Taxable Gross:**

- Line A: from the Payroll Register or Review Paycheck
 - Line B: what the employee should have been paid. Note that on line B, the taxable gross will calculate automatically.
 - Line A-B: Represents Overpayment
- **Social Security and Medicare:** Pretax 125C deductions and worker's compensation are not subject to Social Security and Medicare tax, account for these deductions.
 - **Fed W/H and State W/H:** TSA, Pretax 125C deductions, workers' compensation, retirement contributions and Alternative Retirement System (ARS) are not subject to Federal and State withholding. When recalculating Federal and State tax, account for these deductions.
 - Note: It is allowable to recalculate State taxes on an overpayment when processed in HCM.
 - **PERS OR STRS Wage/Contrib.:**
 - Line A: was paid (from Review Paycheck/ Review Self Service Paycheck)
Top Line: Wages paid that were subject to Retirement
Bottom Line: PERS or STRS contributions paid.
 - Line B: Earned
Top Line: The wages employee should have been paid that are subject to Retirement
Bottom Line: The PERS or STRS contributions the employee should have been paid. Contact Retirement Reporting if you have questions on how to calculate retirement on an overpayment.

PERS:

7% of wages subject to Retirement (Classic Members)

6.5% of wages subject to Retirement (PEPRA Members from 07/01/17 - 06/30/18)

7% of wages subject to Retirement (PEPRA Members from 07/01/18 - 06/30/19)

STRS: (Classic Members)

8.00% of wages subject to Retirement (06/30/14 and prior)

8.15% of wages subject to Retirement (07/01/14 - 06/30/15)

9.20% of wages subject to Retirement (07/01/15 - 06/30/16)

10.25% of wages subject to Retirement (07/01/16 - 06/30/19)

STRS: (PEPRA Members)

8.00% wages subject to Retirement (06/30/14 and prior to 01/01/13)

8.15% wages subject to Retirement (07/01/14 – 06/30/15)

8.56% wages subject to Retirement (07/01/15 – 06/30/16)

9.205% wages subject to Retirement (07/01/16 – 06/30/18)

10.205% wages subject to Retirement (07/01/18 – 06/30/20)

- **Other Deductions:**
 - Line A: Total of all other deductions.
 - Line B: Percentage base deductions can be recalculated depending on district policy.

- **Line (A – B) Overpayment Line:** Net identifies the amount the district needs to collect from the employee. This amount should be the Full Gross - Social Security tax, Medicare tax, Federal tax, State tax, Retirement contributions, and other deductions.