



## New York Labor Law Amendment Will Expand Permissible Wage Deductions

New York Governor Andrew Cuomo recently signed [Assembly Bill No. A10785](#) which amends [New York Labor Law Section 193](#) with respect to employee wage deductions. Under the amended law, which takes effect November 6, 2012, it will be easier for employers to make certain types of deductions from employee wages, including deductions to recoup wage overpayments or salary advances, as long as the employee consents in writing. The bill also authorizes the Department of Labor to issue regulations governing the timing and frequency of such deductions, notice requirements, and the requirement that employers establish a procedure for disputing such deductions. To ensure compliance with applicable law, it is prudent for employers to wait until these regulations are issued before instituting such wage deduction policies or programs.

The amended law is welcome news for New York employers. Previously New York Labor Law Section 193 prohibited an employer from deducting sums from employee paychecks even with the employee's consent, subject to a handful of enumerated exceptions. In recent years, the New York Department of Labor interpreted those exceptions narrowly, making it difficult for employers to deduct sums from employee wages, even in cases of overpayment or salary advances. Under the old law, the employer could ask the employee to voluntarily repay the amount, promising not to terminate or otherwise discipline the employee if he/she refused; if the employee refused, the employer's only recourse was to sue the employee for payment.

The amended law permits deductions from employees' wages to repay advances of wages and to recoup overpayments stemming from clerical or mathematical errors, with the employee's written consent. It also expands the enumerated exceptions to include some the agency had forbidden in its recent interpretations, including making purchases at certain charitable events; discounted

passes for mass transit or parking; gym membership dues; cafeteria, vending machine and pharmacy purchases made at the employer's place of business; tuition and fees for educational institutions; and certain day care expenses.

The amended law also establishes new record keeping requirements for employers. Employers must keep employees' written deduction authorizations for the term of the employee's employment and for six years after the employment relationship ends.

We will provide a summary of the Department of Labor regulations relating to timing, frequency, notice requirements and dispute resolution procedures for wage deductions when those are available. If you have questions about this or other employment issues, please contact [Mark Goldberg](#) at 212.407.4925 or [mgoldberg@loeb.com](mailto:mgoldberg@loeb.com).

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