

Overpayments to Staff

HR Policy Document Record	
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Notes	

1. INTRODUCTION

1.1 The purpose of this document is to set out Technological University Dublin's (hereafter referred to as "TU Dublin" and/or "the University") policy and procedure for Overpayments to Staff.

1.2 An overpayment arises when money is paid in excess of what is due in the appropriate salary, allowance, or expenses payment and is recoverable in principle.

1.3 An overpayment to a staff member may occur due to a miscalculation relating to salary, leave entitlements, number of hours worked, administrative error, etc. These are examples of how an overpayment may arise but it is not an exhaustive list.

1.4 It is the policy of TU Dublin that where an overpayment arises, the staff member informs HR and/or Finance (Payroll) and vice-versa.

1.5 TU Dublin has an obligation to recoup an overpayment. Staff/former staff have a reciprocal obligation to repay.

1.6 For existing staff members still in receipt of salary it is expected that repayment will be either:

- A single gross repayment in full in the next payroll period **OR**
- Gross Periodic Deduction Repayments through payroll in the same tax year (see guidelines below)

Where the overpayment is being recouped by means of a deduction from salary in the current year, the gross amount of the overpayment is deducted from gross salary. Using this method, statutory deductions are adjusted accordingly.

Where the staff member has received an overpayment but is also owed arrears, these arrears will automatically be offset against the amount owed (gross amount prior to calculation of statutory deductions).

1.7 An overpayment to a staff member who is not in receipt of salary, or to those who have left TU Dublin, will be recouped by:

- Full lump sum **OR**
- Part lump sum and the remainder by instalments over an agreed period (see guidelines below)

1.8 For an overpayment in respect of an employee who has left employment please see guidelines below. Former staff members may make repayments by bank draft, direct debit or bank transfer.

1.9 Recoupment of overpayments will be monitored on a monthly basis by Finance Payroll and HR. Where an overpayment cannot be recovered through deductions from salary or other monies paid by TU Dublin, then the staff member/former staff member will be expected to facilitate other arrangements to make good the overpayment.

1.10 Annual Leave, flexi-time or time-in-lieu cannot be used to off-set an overpayment.

1.11 Where a staff member dies in service any overpayment that he/she owes will be deducted in full in a single lump sum from any gratuity payable to their legal representative.

1.12 Where an overpayment is identified after retirement or death in service, and/or where no arrangement to recover an overpayment has been made, the University may recoup the overpayment from the staff member's pension lump sum, regular pension payments or death in service benefit.

- 1.13 Failure by a staff member/former staff member to comply with this policy may result in the Disciplinary Procedures being invoked
- 1.14 TU Dublin reserves the right in all cases to initiate legal proceedings to recover an overpayment.

2. PROCEDURE

- 2.1 Once an overpayment has been identified, the Leave & Benefits Manager/HR Manager will advise the Payroll Manager/Supervisor in writing as to the circumstances by which an overpayment is thought to have occurred and will request the overpayment value from Payroll.
- 2.2 It is the responsibility of HR to engage with the staff member regarding the overpayment. The communication from HR to the staff member will be in writing and will include the following:
- i) the circumstances by which the overpayment is thought to have occurred;
 - ii) the value of the overpayment (gross/net);
 - iii) the period to which the overpayment relates;
 - iv) a proposed Repayment Plan* including:
 - single or multiple repayments
 - full or partial amount(s)
 - deduction from salary
 - period of time over which the full overpayment will be recouped (within the existing tax year)
 - v) notification that should the staff member not respond to the communication by a specified date (14 days from the date of the letter), it will be deemed that they have agreed to the recommended repayment plan and that deductions will commence in accordance with that repayment option without further recourse to the staff member.
- 2.3 Where HR and the staff member cannot agree a suitable repayment plan, a representative from HR and Finance (Payroll) will meet with the staff member to discuss and agree a compromise solution.
- 2.4 Once the repayment plan has been agreed, HR will communicate the arrangements in writing to the staff member and notify Finance (Payroll).
- 2.5 Having regard to audit requirements, details of all overpayments are maintained by HR including details of any communications and the relevant repayment plan.

3. GUIDELINES FOR THE REPAYMENT PLAN*

- 3.1 The circumstances of the overpayment will be taken into consideration when recommending the Repayment Plan. It is expected that all reasonable accommodations are afforded to facilitate repayment.
- 3.2 Overpayments will normally be recovered over the same time frame as the overpayment occurred. For example, if overpayment was made over 3 monthly payrolls then the repayment schedule should be within 3 months.

- 3.3 Where an overpayment has occurred involving a significant amount, the repayment may be spread over a longer period but normally within the existing tax year unless otherwise agreed with Finance (Payroll) and in line with Revenue Guidelines.
- 3.4 If the overpayment took place outside the current tax year i.e. in a previous year(s), gross overpayment must be collected from net pay and the staff member must apply directly to Revenue for refund of any income tax and USC deducted on the overpayment.
- 3.5 Overpayment of PRSI is a matter for the Department of Employment Affairs and Social Protection. The reclaim time limit is capped at 4 years after which a staff member cannot reclaim tax and USC overpayments.
- 3.6 If a staff member is due an enhanced payment such as arrears of salary/allowances before an overpayment amount is fully recovered, the enhanced payment will automatically be offset against the overpayment amount (gross amount prior to calculation of statutory deductions).

4. CALCULATING OVERPAYMENTS IN LINE WITH REVENUE REGULATIONS

4.1 Current-year overpayment recoupment

Where the overpayment is being recouped by means of a deduction from salary in the current year, the gross amount of the overpayment is deducted from gross salary. Using this method, statutory deductions will be adjusted.

4.2 Out-of-year overpayment recoupment

If the overpayment took place outside the current tax year i.e. in a previous year(s), gross overpayment must be collected from net pay and the staff member must apply directly to Revenue for refund of any income tax and USC deducted on the overpayment. Where an overpayment is being recouped out-of-year, the employer should issue a statement(s) to the staff member setting out:

- (i) the year to which the overpayment relates, and
- (ii) the amount of the overpayment to be recouped each year.

4.3 An employee who has left employment

4.3.1 In the current year

Where an employee leaves employment in the current year and is required to repay an overpayment of salary, the employee may repay the value of the overpayment net of tax to the employer.

4.3.2 In a previous year

Where an employee ceased to be employed by an employer in a previous year, and is required to repay an overpayment of salary the employee must repay the gross value of the overpayment to the employer and apply to Revenue for any refund of income tax and USC that may be due.

5. **QUERIES**

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