

Offsetting Employee Wages

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Offsetting Employee Wages

T.C.A. § 50-2-110

(a) Except as provided in subsection (b), an employer may offset an employee's wages due and owing for an amount the employee owes the employer if:

- (1) An employer enters into an agreement with an employee to advance the employee wages prior to the date the wages are due and owing, agrees to otherwise lend the employee money, or permits the employee to charge personal items on the business or corporate credit card issued to the employee;
- (2) The employee signs a written agreement prior to any actions occurring pursuant to subdivision (a)(1) allowing the employer to offset the employee's wages for any amount the employee owes the employer, and the employer has in its possession at the time of the offset a copy of such signed agreement;
- (3) The employer notifies the employee in writing fourteen (14) days prior to the payment of wages due and owing that:
 - (A) There is an amount the employee owes the employer;
 - (B) The employee's wages may be offset if the amount owed is not paid prior to the payment of wages due and owing; and
 - (C) The employee may submit an affidavit as described in subsection (b); and
- (4) The employee has not paid the amount owed the employer that was described in the notice sent pursuant to subdivision (a)(3).

(b) The employer shall not be entitled to offset an employee's wages due and owing if the employee sends a sworn affidavit to the employer, and a copy of such affidavit to the department of labor and workforce development, no later than seven (7) days after receiving notification pursuant to subdivision (a)(3), contesting the amount owed. If an employee contests an amount owed pursuant to this subsection (b), then the employer may commence an appropriate civil action to recover the amount the employer alleges that the employee owes the employer.

(c) For purposes of this section:

- (1) "Amount the employee owes the employer" means any specific dollar amount the employer loaned or advanced the employee, including, but not limited to, any amount the employee charged for personal items to a business or corporate credit card issued to the employee; and
- (2) "Wages" means any remuneration owed to an employee for services, including, but not limited to, commissions, bonuses, incentive program rewards and tips.

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