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| **FEEDBACK TOPIC: payroll\_back pay template** |

**Date: February 20**24

**Question Asked:**

Does anyone have a template for back payment, they can share. We have a group of employees who haven’t been paid correctly so we need to backpay them and would like to advise though a letter first.

**By Whom:** **Juveria Khan,** Manager Employee & Labour Relations at CWT

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| **Answer** | **Provided by (please include name, position and company)** |
| Example:  *Following a recent payroll audit it has been picked up that you have been incorrectly paid for the period XXX.*  *Please accept our sincere apologies, we have corrected this mistake and the backpay of $xx will be processed in the next pay run on [insert date].  We have corrected the error in the payroll system and adjusted your pay to reflect the correct hourly/weekly pay of $[insert the correct amount] with effect from the next pay run on [insert date].*  *We appreciate your understanding in this error and immediate correction.*  *Please contact me if you have any additional questions.* | **Sharon Olsson**  Director Seven Summits HR |
| There can be many reasons for a need for back payments. Also, the type of Employee's job - ie is it covered by an award?  Thus I doubt any one template is going to give you what you need for your own situation.  Set one out for yourself, it is not difficult. What do you want to convey?  I'd start with heading, what it is, why is it required, the dates (beginning and end) during which pay was incorrect. I'd also be inclined to set up a column as to what actually was paid, then the difference so an Excel spreadsheet may be the go. Include the Payroll Date they will receive this back payment.  I recommend you talk to your Financial Controller or Senior Accountant as to the tax implications before you proceed. A lump sum of money is likely to have a chunk taken out as tax (putting the employee into a higher tax bracket) whereas, had the money been paid properly over the period involved, the tax would have been less.  I also recommend you talk individually to the employees affected and it may be you can offer them a repayment option over several pay periods to minimise their individual tax level. The closer to the end of the financial year you get, you may find the less willing staff are to have to deal with a higher tax bill.  You may well find that some affected staff may wish to get in writing the detail from you before making a decision so they can take it home and discuss with a partner (commonly the partner runs a family's finances!), especially in a blue collar environment. | **Robin Pollock** HR Consultant |
| Refer Attached Example. | **Sam Gillani**  National HR Manager  Catering Industries |
| Refer Attached. Example. | **Melissa O’Connor**  HR Manager  JK Williams Group |