

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Table of Contents

Overview.....	3
Introduction.....	3
Disclaimer.....	3
Definitions.....	4
Applicable Laws.....	5
Honoring the Garnishment.....	6
Garnishments on Work Study Payments.....	7
Garnishment Fee.....	7
Deduction Processing Features.....	7
Remittances.....	7
Before You Begin.....	8
Identify Withholding Requirements.....	8
Prioritize Multiple Orders.....	8
Prioritization Examples.....	9
Special Considerations.....	11
Garnishment Deductions.....	13
Deduction Number 001 – DCSE-SUP.....	13
Deduction Number 002 – SUPPORT2.....	14
Deduction Numbers 003 GARNISH1, 004 GARNISH2, and 005 GARNISH3.....	14
Deduction Numbers 005 GARNISH3, and 006 GARNISH4.....	16
Deduction Number 008 GARNISH6.....	17
Garnishment Processing Examples.....	18
Establishing Third Party Payee Names – H0901.....	18
Example A: Child Support Orders.....	19
Example B: Flat Dollar Amounts Limited to a Percentage of Disposable Earnings... ..	20
Example C: Single Standard Percentage Garnishment.....	21
Example D: Child Support Order with a Percentage Garnishment.....	22
Example E: Multiple Garnishments.....	24
Example F: Federal Tax Levy.....	26
Example G1: Education Loan Garnishment (Administrative Wage Garnishment).....	27
Example G2: Education Loan Garnishment and Standard Court Ordered Garnishment.....	28
Example G1 and G2 Education Loan Garnishment and Standard Court Ordered Garnishment.....	30
Garnishment YTD Processing Procedures.....	31
Terminating Third Party Deductions.....	31
Calendar Year End Processing.....	31
Fee for Garnishments, Support Orders and Tax Lien Deductions.....	32
Background.....	32
Guidelines.....	32
Multiple Orders.....	32
Court Orders Served But Not Processed.....	32
Out-of-State Support Orders.....	32
Fee Exemptions.....	32
Garnishment Fee Procedures.....	34

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Example A: Establishing the Child Support Collection Fee.....	34
Example B: Establishing a One-Time Garnishment Fee	35
Example C: Garnishment Fees with an existing Child Support Fee.....	36
Example D: Collecting Additional Fees Due when there are Insufficient Funds to Collect the Child Support Fee.....	37
Report 907, Missing Child Support Fees	38
Internal Control	39
Agency Responsibility	39
Record Retention	39
Time Period.....	39
Contacts.....	39
Contacts.....	39
Subject Cross References.....	39
References.....	39

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Overview

Introduction This topic provides detailed information for establishing deductions for court-ordered third party payments for:

- Child Support
- Federal Administrative Withholding Orders
- Court-ordered Garnishments
- Federal Tax Levies
- State Tax Liens
- Bankruptcy

Child support laws, the availability of "easy credit," and economic growth in general are factors contributing to the rise in the volume and complexity of wage attachments. Garnishment administration is a specialized area requiring substantial knowledge of applicable Federal and State laws, coupled with the ability to interpret and apply those legal requirements under specific and often unique conditions. **There may be no other functional area in payroll that subjects the Agency and its representatives to as much risk for financial penalties, as well as criminal prosecution, for noncompliance and/or negligence as garnishment administration.**

Disclaimer This topic provides *basic* guidelines, references, and CIPPS processing procedures related to deducting and remitting third party payments for common withholding orders. It does not provide guidance or instruction for all cases. Agencies are responsible for conducting their own research and/or seeking legal advice and opinions where situations warrant. A withholding order is a legal document (writ) requiring the employer (Agency) to comply with certain tasks, terms, and conditions. Therefore, it is the Agency that bears the ultimate responsibility and accountability for compliance.

Seek guidance from your agency legal counsel for any writ (legal document) in question.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Overview, Continued

Definitions

The following table provides definitions of various terms and acronyms, which will be used throughout this topic or seen on actual withholding orders.

Term	Definition
amount exempt from levy	Term used in Federal tax levies means the amount computed from publication 1494 which is required to be left as an employee's "take-home" pay, with the remainder being deducted for the levy. Not to be confused with "guaranteed minimum net".
amount subject to garnishment	Also referred to as "amount available for garnishment". The term as used in COV 34-29 means the actual amount that will be garnished, or the amount of the deduction.
CCPA	Consumer Credit Protection Act. Federal garnishment law. (Title 15 USC 1673)
COV	Acronym used throughout this topic for "Code of Virginia".
deductions required by law	Term used in COV 34-29 definition of "disposable pay". Common law interpretation is that only tax deductions apply (FITW, SITW, & FICA), not other wage attachments. Employee mandatory retirement contributions are required by law and do apply.
disposable earnings – Consumer Credit Protection Act	Also referred to as "disposable pay". Means that part of the earnings of any individual remaining after the deduction from those earnings of any amounts required by law to be withheld (COV 34-29). Employee mandatory retirement contributions are required by law and are therefore excluded from disposable earnings.
disposable earnings – Administrative Wage Garnishment	The Debt Collection Improvement Act (31 USC 3720d) authorizes Federal Agencies to collect a debt without a court order. The Code of Federal Regulations (CFR 285.11), however, defines disposable pay as compensation remaining after the deduction of health insurance premiums and any amounts required by law to be withheld.
DSS/EDI child support deduction	CIPPS term for child support orders that are paid to Department of Social Services Division of Child Support Enforcement through Electronic Data Interface. CIPPS uses deduction 001.
earnings	Means compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise (COV 34-29).
garnishee	Term used on garnishment instruments issued from Virginia courts refers to the employer (Agency) who must comply with the order.
garnishment	Means any legal or equitable procedure through which the earnings of any individual are required to be withheld for payment of any debt (COV 34-29).

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Overview, Continued

Term	Definition
guaranteed minimum net	As defined in the CCPA and COV 34-29, creditor garnishments cannot reduce an employee's disposable pay for any given workweek below 40 times the current Federal minimum hourly wage. This term should not be confused with "amount exempt from levy."
judgment creditor	Term used on garnishment instruments issued from Virginia courts refers to the creditor or plaintiff who files the garnishment. Such plaintiff must have obtained a judgment in a previous case.
judgment debtor	Term used on garnishment instruments issued from Virginia courts refers to the individual (employee) whose pay will be garnished.
return date	Term used on garnishment instruments issued from Virginia courts refers to the date that the garnishment must be paid or answer filed with the court. Normally is 90 days from the date the garnishment is filed.
support deduction	CIPPS term for child support orders that are paid directly to a custodial parent or out-of-state agency by means of a third party check. CIPPS uses deduction 002.
take-home pay	Term used for computation of Federal Tax Levies refers to what is normally considered "net" pay. Gross pay minus all taxes and deductions in effect when the levy is received.
tax levy	Term used to describe an involuntary withholding order for payment of delinquent Federal Taxes.
tax liens	Term used to describe involuntary withholding orders for payment of delinquent State or local taxes.
wage assignment	A voluntary third party withholding agreement.
wage attachment	Legal instrument which requires the involuntary withholding of an individual's pay for payment of any debt or support requirement. Also see "garnishment."
writ of fieri facias	Legal term for the garnishment suggestion (instrument).

Applicable Laws

The Consumer Credit Protection Act (CCPA), codified under the United States Code 15 USC 1673, protects consumers from unfair or harsh debt collection practices. Although not all forms of wage attachments are covered under the CCPA, deductions for non-CCPA wage attachments must still be considered in computing amounts available for garnishment (29 CFR 870.11). The following table provides basic code references for the common forms of wage attachments. It is not all-inclusive:

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Overview, Continued

Wage Attachment	Federal Law	State Law
Child Support Orders	15 USC 1673 (CCPA) 29 CFR 870 42 USC 666	COV 20-79 COV 20-88 COV 34-29 COV 63.1-250 COV 63.1-256
Creditor Garnishments	15 USC 1673 (CCPA) 29 CFR 870	COV 34-29 COV 8.01-511 COV 8.01-512.4
Defaulted Student Loan Withholding Orders	20 USC 1095a and 31 USC 3720d and CFR 285.11	Not Applicable
Federal Administrative Wage Garnishment	31 USC 3720d and CFR 285.11	Not Applicable
Federal Tax Levies	IRC 6331 IRC 6332 IRC 6343	Not Applicable
State Tax Liens	15 USC 1673 (b)(C)	COV 58.1-1804 (Income Tax) COV 58.1-3952 (Local Taxes)
Bankruptcy	11 USC Chapters 7 & 13 15 USC 1673 (b)(B)	Not Applicable

Honoring the Garnishment

If an agency receives a notice of garnishment or levy prior to the distribution of an employee's paycheck or earnings notice, the agency must process the garnishment or levy in the current pay period regardless of whether the employee's paycheck or notice has already been prepared or certified.

All orders must be answered regardless of whether they are deducted. The agency can be held liable for the full judgment amount if the authority issuing the garnishment is not notified.

The Commonwealth, as an employer, is not obliged to honor wage assignments that come directly from **payday lenders** (those not authorized by the court) regardless of the agreement between the employee and the vendor. Additionally, it is strongly suggested that such assignment requests not be honored by agencies even if the employee confirms intent for such payroll deductions to occur.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Overview, Continued

Garnishments on Work Study Payments As mandated in 20 USC 1095a (*Higher Education Act*), work-study payments are not subject to garnishment or attachment in order to satisfy a debt owed by the student awarded such assistance other than a debt owed to the Secretary of Education.

Garnishment Fee A fee may be associated with the collection of certain third party payments. The amount and the number of times to be withheld may vary, depending on the type of deduction. Refer to the “Fee for Garnishments, Support Orders and Tax Liens Deduction” section within this topic.

Deduction Processing Features CIPPS allows you the flexibility to set up the garnishment deduction to:
Take a percentage of net pay or

- Take a flat amount and ensure that the dollar amount does not exceed a specified percentage of disposable earnings.
- Decrease the goal amount by each deduction to show balance due
- Enter a dollar amount in the goal field to stop the deduction
- Enter a date in the Deduction End Date field to stop the deduction; and
- Ensure the employee retains the “guaranteed minimum net”
- Link multiple garnishment deductions and ensure the maximum percentage is not exceeded over multiple garnishments.

Remittances The CIPPS deduction number determines the remittance method, as described below:

Department of Social Services (DSS)/EDI Deduction 001	Deduction 001 provides a means to expedite the remittance of child support payments to the Virginia Department of Social Services. The deduction allows the remittance to occur through Electronic Data Exchange. H0901 is not established for Deduction 001.
Third Party Checks Deductions 002 - 008	Deductions 002 through 008 generate a third party check payable to the recipient on H0901. The checks are returned to the agency along with other payroll checks and reports. H0901 must be established for deductions 002-008 in order for the deduction to be accepted on H0ZDC.

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Before You Begin

Identify Withholding Requirements

Thoroughly read each withholding order in its entirety. Although standard forms are used, the information contained in the order is unique to the particular case. Each type of wage attachment has its own requirements in determining the calculation method, basis of calculation, limits, remittance requirements, information requirements, due dates, and means by which it can be satisfied or stopped. The payroll administrator should be able to answer the following questions concerning the wage attachment:

- What type of wage attachment is it? i.e., court-ordered creditor garnishment, child support order, Tax Levy, etc.
- What laws or regulations govern the requirements of the wage attachment? See "Applicable Laws" section previously provided in this topic.
- Based on the answers to the above questions, will the deduction be computed on a percentage basis, flat amount, or other method such as an exemption amount or guaranteed net?
- If a percentage deduction is required, what is the basis of the percentage? i.e., "gross pay", "net pay", "disposable pay", "take-home pay", or other unique method.
- What is the frequency of the payments (remittance)? i.e. each payday, monthly, lump sum on return date, etc.
- If the deduction cannot be taken, who do I need to respond to? When?
- When do I start taking the deduction?
- When do I stop taking the deduction?

Once you have determined the withholding requirements for the order in question, you can use the examples in the “Garnishment Processing Procedures” section to view the recommended setup for specific garnishment requirements. If you do not find a specific example to meet the requirements of the order, refer to the “Garnishment Deduction” section to view the specific functionality of the deductions available to customize a solution that best fits the requirements of the order.

Prioritize Multiple Orders

State laws govern the priority of withholdings when an employee is served with multiple orders. The Dept. of Labor and Industry provides guidance for determining the order of priority on their website at:
http://www.doli.virginia.gov/laborlaw/support_files/garnsupp_multiple.html

The priority guidelines are as follows:

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Before You Begin, Continued

Withholding Type	Guideline
Child Support	Takes priority over any bankruptcy, garnishment or deductions under state law.
Bankruptcy	Title 11 Chapter 13 orders take priority over any other claim against the employee's wages other than child support.
Garnishment	Priority is based on the garnishment received first. Notify, in writing, the clerk of the court from which the second garnishment was issued if the employee is at the maximum amount on a prior garnishment.
Federal Tax Levies	Normally allow amounts for all current deductions (including wage attachments) which are in effect when the levy is received to continue. The tax levy takes priority over all wage attachments and voluntary deductions (including changes) which are received after the levy, including child support. Note: Contact the IRS office issuing the levy in the event a child support order is received after the levy is in effect.
State Tax Liens (Commonwealth of Virginia)	Follows the same handling priority as garnishments issued under state law. However, in some instances up to 100% of disposable pay may be taken in addition to the current wage attachment.

Prioritization Examples

Once the priority is determined you must determine whether the second order can be taken at all, held until the priority order is satisfied, or taken at a reduced amount. Title 29 CFR 870.11 provides examples that are helpful in making this decision. Some common situations include:

Garnishment "A" is currently being deducted with a return date of August 15th, Garnishment "B" is received with a return date of September 30th. Garnishment "B" should be held until Garnishment "A" is satisfied on August 15th, and then deducted until the return date of September 30th.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Before You Begin, Continued

Prioritization Examples, continued

A child support order is currently in effect until September 30 at the amount of \$500.00, which is 50% of the obligor's disposable pay. Garnishment "C" is received with a return date of August 15. Garnishment "C" cannot be taken because more than 25% of the employee's pay is already being withheld for the child support. Garnishment "C" must be answered with an explanation that the garnishment cannot be withheld due to COV 34-29 limits being exceeded by a priority withholding order.

A child support order is currently in effect until September 30. The child support amount is \$200.00, which is only 15% of the obligor's disposable pay. Garnishment "D" is received with a return date of August 15. Continue to deduct the full child support amount plus 10% for Garnishment "D", so long as the combined orders do not exceed 25% of disposable pay. Garnishment "D" must be answered by August 15th with the remittance and an explanation that the reduced amount was due to an existing priority withholding order.

Note: All orders must be answered regardless of whether they are deducted. The agency can be held liable for the full judgment amount if the authority issuing the second garnishment is not notified.

However, the Commonwealth, as an employer, is not obliged to honor wage assignments that come directly from **payday lenders** (those not authorized by the court) regardless of the agreement between the employee and the vendor. Additionally, it is strongly suggested that such assignment requests not be honored by agencies even if the employee confirms intent for such payroll deductions to occur.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Before You Begin, Continued

Special Considerations

Out-of-State Child Support Orders. The Uniform Interstate Family Support Act (UIFSA) requires employers to honor out-of-state child support orders. The act also provides that while the order controls the amount deducted and the person or agency designated to receive the payments, the administrative process (i.e., administrative fees, timing and frequency of deduction, and maximum limits) is controlled by the obligor's work state (Virginia).

Out-of-State Creditor Garnishments. Due to the specific requirements placed on creditor garnishments by the Code of Virginia, garnishments issued by courts not having jurisdiction within Virginia are generally not honored. Out-of-state garnishments should be answered with the suggestion that the withholding order be domesticated in a Virginia court. Seek a qualified legal opinion if in doubt. Note: this does not apply to Child Support Orders or any withholding order issued by a Federal court or agency.

Bankruptcy Orders. Bankruptcy is unique in that simply filing a petition for relief under Chapter 13 invokes a stay of involuntary collection actions under 11 USC 1301. When an employee produces evidence of filing Chapter 13, cease withholding of all wage attachments (except federal tax levies) and notify the issuing authorities (including IRS, if applicable) and the Bankruptcy Court. It is recommended that funds collected prior to filing the bankruptcy petition be held until instructions are provided from the Clerk of the Bankruptcy Court, Trustee, or Court that issued the garnishment. Once the Chapter 13 withholding order is issued, follow the terms and instructions contained in the order.

Federal Tax Levies. Once a Notice of Levy is issued it must be withheld until a Release of Levy (Form 668-D) is received. Agencies should be aware that employee disputes and fear of employee litigation are not good cause for failing to honor the levy. Carefully follow the instructions on the levy, paying particular attention to the instructions for figuring the amount exempt from levy found on the reverse of form 668-W(C)(DO).

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Before You Begin, Continued

State Tax Liens (Commonwealth of Virginia):

COV 58.1-3952 (local taxes): These orders are entitled to 100% of net without regard to CCPA limits. In the event an order is received that exceeds 100% of net for a single pay period, it is recommended that the locality that issued the order be contacted to see if a more lenient payment schedule will be acceptable. The locality may insist on a 100% of net deduction.

COV 58.1-1804 (income tax): These orders are also entitled to up to 100% of net however the law does provide for an "exempt from lien" amount. Unlike the Federal levy process, the exemption is not automatic. The employee must complete form CS-7 and it must be approved by the Department of Taxation prior to reducing the amount withheld.

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Deductions

Deduction Number 001 – DCSE-SUP This deduction number is used to collect withholdings for Child Support Orders for the Commonwealth of Virginia. The money is sent via EDI to the Department of Social Services. Refer to garnishment processing Examples **A** and **D** for specific instructions on how to establish this deduction.

Deduction Utility Field Functions:

- **Utility Field Position 1** – Value of “0” indicates that a flat dollar amount was entered in the Amt/PCT field. Value of “2” indicates that a percentage was entered in the Amt/PCT field and the percentage entered will be applied towards the employee’s current net pay.
- **Utility Field Position 5** – Value of “1” indicates that disposable earnings are equal to the employee’s gross pay minus taxes withheld minus mandatory employee retirement withheld. This is the recommended setting for the field.
- **Utility Field Position 6** – Value of “0” instructs CIPPS to take the full dollar amount in the Amt/PCT field. Value of “1” instructs CIPPS to limit the combined dollar amount withheld of deductions 001-005 that have a “1” in the 6th position to the percentage of disposable earnings entered in positions 7-10.
- **Utility Field Positions 7-10** – Users may enter a two decimal place maximum percentage limit of disposable earnings. Example 55% is 5500.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Deductions, Continued

Deduction Number 002 – SUPPORT2 This deduction number is used to collect withholdings for Child Support Orders for states other than Virginia. An H0901 record must be established and a third party check will be generated to the payee for the computed amount. Refer to garnishment processing Examples A and D for specific instructions on how to establish this deduction.

Deduction Utility Field Functions:

- **Utility Field Position 1** – Value of “0” indicates that a flat dollar amount was entered in the Amt/PCT field. Value of “2” indicates that a percentage was entered in the Amt/PCT field and the percentage entered will be applied towards the employee’s net pay.
- **Utility Field Position 5** – Value of “1” indicates that disposable earnings are equal to the employee’s gross pay minus taxes withheld minus mandatory employee retirement withheld. This is the recommended setting for the field.
- **Utility Field Position 6** – Value of “0” instructs CIPPS to take the full dollar amount in the Amt/PCT field. Value of “1” instructs CIPPS to limit the combined dollar amount withheld of deductions 001-005 that have a “1” in the 6th position to the percentage of disposable earnings entered in positions 7-10.
- **Utility Field Positions 7-10** – Users may enter a two decimal place maximum percentage limit of disposable earnings. Example 55% is 5500.
- **Utility Field Position 17** - the name number on H0901 for payee

Deduction Numbers 003 GARNISH1, 004 GARNISH2, and 005 GARNISH3 These deduction numbers can be used for multiple purposes and provide the most functionality to ensure CIPPS automatically calculates the proper amount to withhold. An H0901 record must be established and a third party check will be generated to the payee for the computed amount.

Processing Examples B, C, D, E, F and G shown in the following section will give specific instructions on how to use the functionality of these deductions for the best results.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Deductions, Continued

Deduction Utility Field Functions:

- **Utility Field Position 1** – Value of “0” indicates that a flat dollar amount was entered in the Amt/PCT field. Value of “2” indicates that a percentage was entered in the Amt/PCT field and the percentage entered will be applied towards the employee’s net pay.
- **Utility Field Position 5** – Value of “1” indicates that disposable earnings are equal to the employee’s gross pay minus taxes withheld minus mandatory employee retirement withheld. This is the recommended setting for the field.
- **Utility Field Position 6** – Value of “0” instructs CIPPS to take the full dollar amount in the Amt/PCT field. Value of “1” instructs CIPPS to limit the combined dollar amount withheld of deductions 001-005 and deduction 019 that have a “1” in the 6th position to the percentage of disposable earnings entered in positions 7-10.
- **Utility Field Positions 7-10** – Users may enter a two decimal place maximum percentage limit of disposable earnings. Example 55% is 5500.
- **Utility Field Positions 11-16** – Enter the whole dollar protected amount of levy or guaranteed minimum net amount for the pay frequency. Regardless of whether an amount or percent is entered, CIPPS will ensure that this amount is left to the employee after the garnishment deduction is taken. Based on the current minimum wage at the time of this CAPP update and frequency shown in the chart below, the guaranteed minimum net is:

Frequency	Guaranteed Minimum Net
Semi-Monthly	000629
Bi-Weekly	000580
Weekly	000290
Monthly	001257

- **Utility Field Position 17** - the name number on H0901 that should be used on the face of the garnishment check
- **Utility Field Position 18** – Value of “1” indicates that the goal amount should be decremented each time an amount is deducted. The garnishment will stop automatically when the goal amount becomes zero.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Deductions, Continued

**Deduction
Numbers 005
GARNISH3,
and 006
GARNISH4**

These deductions have limited functionality and are recommended only in cases where you want to withhold a flat dollar amount and that deduction does not need to be protected by a guaranteed minimum net or a certain percentage. These deductions should be used primarily for bankruptcies and local or state tax liens that do not have a protected amount.

These deductions are not recommended for use when a percentage is involved because the disposable earnings used (gross minus all pretax deductions minus taxes) does not meet the CCPA or Code of Virginia guidelines.

Deduction Utility Field Functions:

- **Utility Field Position 1** – Value of “0” indicates that a flat dollar amount was entered in the Amt/PCT field.
- **Utility Field Position 8** – Value of “1” indicates that the goal amount should be decremented each time an amount is deducted. The garnishment will stop automatically when the goal amount becomes zero.
- **Utility Field Position 17** - the name number on H0901 that should be used on the face of the garnishment check

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Deductions, Continued

**Deduction
Number 008
GARNISH6**

This deduction has some value in that it will calculate the guaranteed minimum net as provided for in the Code of Virginia based on the employee’s pay frequency. However, the guaranteed minimum net amount calculated cannot be considered in conjunction with other garnishment or child support amounts as is the case with deduction numbers 003-005. If you have multiple garnishments for an employee or a child support is involved, you should select deduction numbers 003-005 as shown in the garnishment processing examples in the next section.

This deduction automatically decrements the goal amount. Therefore, a goal amount is required in order for this deduction to work properly.

Deduction Utility Field Functions:

- **Utility Field Position 1** – Value of “0” indicates that a flat dollar amount was entered in the Amt/PCT field. Value of “2” indicates that a percentage was entered in the Amt/PCT field and the percentage entered will be applied towards the employee’s net pay.
 - **Utility Field Position 6** – Value of “0” instructs CIPPS to take the full dollar amount in the Amt/PCT field. Value of “1” instructs CIPPS to limit the combined dollar amount withheld of deductions 001-005 and deduction 019 that have a “1” in the 6th position to the percentage of disposable earnings entered in Positions 7-10.
 - **Utility Field Positions 7-10** – Users may enter a two decimal place maximum percentage limit of disposable earnings. Example 55% is 5500.
 - **Utility Field Position 9-10** – Value of “47” instructs CIPPS to calculate the guaranteed minimum net provided for by the Code of Virginia
 - **Utility Field Position 17** — the name number on H0901 that should be used on the face of the garnishment check
-

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples

Establishing Third Party Payee Names – H0901

Complete H0901 prior to establishing the deduction on H0ZDC. Complete the command line as referenced in CAPP Topic No. 50110, CIPPS Navigation. Hint: If the first H0901 screen accessed has already been completed, use GU on the command line to “scroll” until a blank screen appears.

Note: The Social Security Number Protection Act of 2010 prohibits governmental agencies (Federal, State, or local agency) from using social security numbers or any derivative (i.e., last 4 digits) on checks issued for payment.

```

> guh      230,00999999900                                ON H0901
--DEDUCTION PAYMENT NAME & ADDRESS--
i_ COMPANY--> 00230  EMPLOYEE NUMBER--> 00999999900  NAME NUMBER--> 1
NAME>
PAYEE NAME-----> dominion virginia_____
ADDRESS 2-----> 4571 this way lane_____
ADDRESS 3-----> richmond, virginia 23219____
ADDRESS 4-----> _____
ADDRESS 5-----> _____
GARNISHMENT CASE NUMBER--> 00175851154120____
GARNISHMENT CASE NAME----> C. Connor_____
---DEDUCTION ELECTRONIC FUND TRANSFERS (EFT)---
EFT H83 SW----->                                EFT H83 KEY----->

```

- Company** Enter the company number.
- Employee Number** Enter the employee number.
- Name Number** Enter the appropriate name number. Numbers are assigned in sequential order, #1 for the first, #2 for the second, etc.
- Payee Name** Enter the payee name as it should appear on the check.
- Payee Mailing Address** Enter the payee’s complete mailing address.(The last line of the address should be the city state and zip according to USPS guidelines.
<http://pe.usps.com/cpim/ftp/pubs/pub28/pub28.pdf>
- Garnishment Case Number** Enter the garnishment number.
- Garnishment Case Name** Enter the garnishee’s name. **Do not enter any information below the garnishment case name.** When data entry is complete, press Enter. The employee name will appear.

NOTE: The Garnishment Case Number and Garnishment Case Name will appear on the actual check face only—not the address on the outside of the sealed check.

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

Example A: Child Support Orders

According to the *Consumer Credit Protection Act* and the *Code of Virginia* withholding for child support orders is generally limited to 60% of an individual's disposable earnings unless the obligor is supporting another family. If the individual is supporting another family, the limit becomes 50%. These limits increase by 5% each if the payments are in arrears greater than 12 weeks. Each Income Withholding Order (IWO) will specify the withholding limit that applies to the obligor.

For the example below the employee is supporting another family but is more than 12 weeks behind on his support payments. Therefore, the maximum percentage of disposable earnings that can be withheld is 55%. The per pay period amount to be withheld on the IWO is \$250. To establish this child support order and ensure that the amount will not exceed the specified withholding limit on the IWO, establish the child support deduction as follows:

```

> GU      230                                     ON H0ZDC

          00230          00009999900
NAME-----> CHILD          SUPPORT          ORDER 55%

NO      NAME          AMT/PCT          GOAL          UTILITY
CALC GN FR  PRTY START DATE    END DATE    DED MTD    DED YTD
┌── 1 DCSE-SUP          250.00          .00 000011550000000000
   95  2 09  000  00/00/0000    00/00/0000          .00          .00

```

- A. If the IWO is from Virginia, use deduction 001 and the amount will be sent to DSS via EFT. If this is an out-of-state IWO, use deduction 002.
- B. Enter \$250 in the Amt/Pct field on H0ZDC
- C. Enter the following values in the Deduction Utility Field:
 1. Enter a "1" in the 5th position of the utility field. This designates the disposable earnings as "gross less taxes less mandatory employee-paid retirement".
 2. Enter a "1" in the 6th position of the utility field. This will link the support to garnishments using the same value ("1" in the 6th position) for ensuring withholding maximums are not exceeded.
 3. Enter "5500" in positions 7-10 of the utility field. This represents 55% - the maximum amount of disposable earnings to be attached. If the employee is docked, the lesser of \$250 or 55% of disposable earnings will be withheld.
 4. If using deduction 002, use position 17 of the utility field to designate the H0901 name number to use for this IWO.

With this configuration, if the employee's disposable earnings are \$450, CIPPS will deduct \$247.50 for the child support payment as 55% of \$450.00 = \$247.50 which is less than \$250.00.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

Example B: Flat Dollar Amounts Limited to a Percentage of Disposable Earnings

Some orders, such as tax liens from localities (not to be confused with federal tax levies which are presented in another example), instruct you to take the lesser of the amount specified or a certain percentage of disposable pay until the item has been paid in full.

For the example below the writ requires a withholding of \$350 not to exceed 25% of disposable income. The writ is completed once \$1000 has been collected. Establish the deduction as follows to allow CIPPS to calculate this for you:

```

> GUH      230                                     ON H0ZDC

          00230          00009999900
NAME-----> FLAT DOLLAR          AMOUNT          GARNISHMENT

NO      NAME          AMT/PCT          GOAL          UTILITY
CALC GN FR  PRTY START DATE          END DATE          DED MTD          DED YTD
---  3 GARNISH1          350.00          1000.00  000011250000000011
    95  2 09  000  00/00/0000          00/00/0000          .00          .00

```

- A. Choose garnishment deduction number 003, 004 or 005. This feature does not work with 006, 007 or 008.
- B. Enter \$350 in the Amt/Pct field on H0ZDC.
- C. Enter \$1000.00 in the Goal field.
- D. Enter the following values in the Deduction Utility Field:
 1. Enter a “1” in the 5th position of the utility field. This designates the disposable earnings as “gross less taxes less mandatory employee-paid retirement”.
 2. Enter a “1” in the 6th position of the utility field. This will link the support to garnishments using the same value (“1” in 6th position) for ensuring withholding maximums are not exceeded.
 3. Enter “2500” in positions 7-10 of the utility field. This represents 25% - the maximum amount of disposable earnings to be attached. If the employee is docked, the lesser of \$350 or 25% of disposable earnings will be withheld.
 4. Enter the name number from H0901 in position #17
 5. Enter a “1” in position #18 if you would like to decrement the goal.

With this configuration, if the employee’s disposable earnings are \$1250, CIPPS will deduct \$312.50 as 25% of \$1250.00 = \$312.50 which is less than \$350.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

Example C: Single Standard Percentage Garnishment

When you have a standard court-ordered withholding summons the usual case scenario is to withhold 25% of disposable earnings until either the complete balance is paid or the return date of the summons has been reached. In addition, Virginia code mandates that employees be provided a guaranteed net pay amount that equates to 40 times the current minimum wage rate as prorated for the number of pays the employee receives in a year.

For the example below the writ requires a withholding of 25% of disposable income until \$1000 has been collected. Establish the deduction as follows to ensure that CIPPS will withhold the proper amount as required by law:

```

> GUH      230                                ON H0ZDC

          00230                                00009999900
NAME-----> STANDARD                        PERCENTAGE  GARNISHMENT
NO   NAME      AMT/PCT   GOAL   UTILITY
CALC GN FR  PRTY START DATE  END DATE  DED MTD   DED YTD
█  3  GARNISH1  .25000   1000.00  200011250000062911
   95  2 09   000  00/00/0000  00/00/0000          .00          .00

```

- A. Choose garnishment deduction number 003, 004 or 005. This feature does not work with 006, 007 or 008.
- B. Enter .25000 (representing 25%) in the AMT/PCT field.
- C. Enter \$1000.00 in the Goal field.
- D. Enter the following values in the Deduction Utility field:
 1. Enter a “2” in the first position to specify that the AMT/PCT field contains a percentage.
 2. Enter a “1” in the 5th position of the utility field. This designates the disposable earnings as “gross less taxes less mandatory employee-paid retirement”.
 3. Enter a “1” in the 6th position of the utility field. This will link the support to garnishments using the same value (“1” in 6th position) for ensuring withholding maximums are not exceeded.
 4. Enter “2500” in positions 7-10 of the utility field. This represents 25% - the maximum amount of disposable earnings to be attached.
 5. Enter a whole dollar *guaranteed minimum net* in positions 11-16 for this employee according to the pay frequency. Amounts for a minimum wage rate of \$7.25 are Semi-Monthly “000629”, Bi-Weekly “000580”, Weekly “000290” and Monthly “001257”.
 6. Enter the name number from H0901 in position #17
 7. Enter a “1” in position #18 if you would like to decrement the goal.

With this configuration, if the disposable earnings are \$800, CIPPS would try to take \$200 (\$800 X 25%) but since the guaranteed minimum net is \$629, CIPPS will only take \$171 (\$800 - \$629).

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

Example D: Child Support Order with a Percentage Garnishment Child support orders take priority under Virginia law over any other legal process against the same income. As mentioned in Example A child support orders can represent up to as much as 65% of the employees disposable earnings. However, court-ordered garnishments are generally limited to 25% of disposable earnings. If the amount of the child support payment is less than 25% of disposable earnings, the remainder of the 25% should go towards the garnishment.

```

> GU          230                                     ON H0ZDC

          00230          00099999900
NAME-----> CHILD          SUPPORT          ORDER 55%

NO   NAME          AMT/PCT          GOAL          UTILITY
CALC GN FR  PRTY  START DATE          END DATE          DED MTD          DED YTD
--- 1 DCSE-SUP          250.00          .00  000011550000000000
  95  2 09  000  00/00/0000          00/00/0000          .00          .00
--- 3 GARNISH1          .25000          780.00  200011250000062911
  95  2 09  000  00/00/0000          00/00/0000          .00          .00

```

Assuming that the child support order described in Example A is in effect and a court ordered garnishment for 25% of disposable earnings up to a total of \$780 is received, establish the garnishment deduction as follows to withhold the item as required by law:

- A. Select either deduction 003, 004 or 005 for the garnishment. These features are not available for deduction 006, 007 or 008.
- B. Enter .25000 (representing 25%) in the AMT/PCT field.
- C. Enter \$780.00 in the Goal field.
- D. Enter the following values in the Deduction Utility Field of the garnishment:
 1. Enter a “2” in the first position to specify that the AMT/PCT field contains a percentage.
 2. Enter a “1” in the 5th position of the utility field. This designates the disposable earnings as “gross less taxes less mandatory employee-paid retirement”.
 3. Enter a “1” in the 6th position of the utility field. This will link the support to garnishments using the same value (“1” in 6th position) for ensuring withholding maximums are not exceeded.
 4. Enter “2500” in positions 7-10 of the utility field. This represents 25% - the maximum amount of disposable earnings to be attached.
 5. Enter a whole dollar *guaranteed minimum net* in positions 11-16 for this employee according to the pay frequency. Amounts for a minimum wage rate of \$7.25 are Semi-Monthly “000629”, Bi-Weekly “000580”, Weekly “000290” and Monthly “001257”.
 6. Enter the name number from H0901 in position #17
 7. Enter a “1” in position #18 if you would like to decrement the goal.

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

For an employee with a semi-monthly salary/rate of \$1500, taxes totaling \$250 and employee retirement \$75, CIPPS will process the amounts as follows: \$1500 gross minus \$250 taxes minus \$75 employee retirement equals disposable earnings of \$1175.

$\$1175 \times 55\% = \646.25 ; the child support amount of \$250 will be taken
 $\$1175 \times 25\% = \293.75 ; this is the maximum amount that can be taken for the child support payment and the garnishment.

$\$1175 - \$293.75 = \$881.25$; this amount is greater than the guaranteed minimum net of \$629 so CIPPS will process the garnishment.

$\$293.75$ minus \$250 taken for the child support equals \$43.75, which is the amount available for garnishment.

	\$1,500.0		
Gross	0		
Less Taxes	\$250.00		
Less Employee-Paid Retirement	<u>\$75.00</u>		
	\$1,175.0		
Disposable Earnings	0	Disposable Earnings	\$1,175.00
Percentage to Determine Max Amount of Disposable Earnings Attachable	<u>0.25</u>	Guaranteed net	<u>\$629.00</u>
Total Disposable Earnings Available for court-ordered withholdings	\$293.75	Amount Available for court-ordered withholdings	\$546.00
Less Child Support	<u>\$250.00</u>	Less Child Support	<u>\$250.00</u>
Amount Available for Garnishment	\$43.75	Remaining Net	\$296.00



CIPPS WILL TAKE THE LESSER OF THE TWO

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

Example E: Multiple Garnishments

When multiple garnishments are in place simultaneously the combined total cannot exceed 25% of the employee's disposable earnings.

In the example below there are two writs, both requiring a withholding of 25% of disposable income. One has a maximum collection amount of \$300 and the other \$1000. Establish the deductions as follows to ensure that CIPPS will withhold the proper amount as required by law:

00230		00009999900							
NAME----->		MULTIPLE		PERCENTAGE		GARNISHMENTS			
NO	NAME	AMT/PCT	GOAL	UTILITY	DED	MTD	DED	YTD	
CALC	GN FR	PRTY	START DATE	END DATE					
— 3	GARNISH1	.25000	300.00	200011250000062911					
95	2 09 000	00/00/0000	00/00/0000		.00			.00	
— 4	GARNISH2	.25000	1000.00	200011250000062921					
95	2 09 000	00/00/0000	00/00/0000		.00			.00	

- Select deductions 003, 004 or 005 for the garnishments. These features are not available for deduction 006, 007 or 008. Make sure that the first garnishment received is given the lowest deduction number since it has the greater priority.
- For each deduction enter .25000 (representing 25%) in the AMT/PCT field.
- Enter the total balance due in the Goal field of each. In this example \$300.00 on the first garnishment and \$1000.00 on the second.
- For each deduction enter the following values in the Deduction Utility field of each garnishment:
 - Enter a "2" in the first position to specify that the AMT/PCT field contains a percentage.
 - Enter a "1" in the 5th position of the utility field. This designates the disposable earnings as "gross less taxes less mandatory employee-paid retirement".
 - Enter a "1" in the 6th position of the utility field. This will link the garnishments using the same value ("1" in 6th position) to ensure that the total withholding maximum is not exceeded.
 - Enter "2500" in positions 7-10 of the utility field. This represents 25% - the maximum amount of disposable earnings to be attached.
 - Enter a whole dollar *guaranteed minimum net* in positions 11-16 for this employee according to the pay frequency. Amounts for a minimum wage rate of \$7.25 are Semi-Monthly "000629", Bi-Weekly "000580", Weekly "000290" and Monthly "001257".
 - Enter the applicable name number from H0901 in position #17
 - Enter a "1" in position #18 if you would like to decrement the goal

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

- E. For an employee with disposable earnings of \$1500, the maximum amount of both garnishments would be limited to \$375.00 ($\$1500.00 * 25\%$).
1. Deduction 003 (highest priority) is evaluated first. The lesser of 25% of disposable income or the total to be collected (the goal) is \$300. Therefore \$300 will be withheld for this garnishment deduction.
 2. Since the maximum amount available for garnishment is \$375, only \$75 remains available for the next garnishment (deduction 004).
 3. Available net pay at this point is \$1200 ($\$1500 - \300) which is greater than the required guaranteed net of \$629. There is still \$571 available for garnishment attachment.
 4. Deduction 004 is then evaluated. The lesser of 25% of disposable income (\$375) or the amount remaining available for garnishment (\$75) will be withheld. So \$75 dollars will be withheld for the second garnishment deduction.

	\$1,500.0		
Disposable Earnings	0	Disposable Earnings	\$1,500.00
Percentage to Determine Max Amount of Disposable Earnings Attachable	<u>0.25</u>	Guaranteed net	<u>\$629.00</u>
Total Disposable Earnings Available for court-ordered withholdings	\$375.00	Amount Available for court-ordered withholdings	\$871.00
Garnishment 003	<u>\$300.00</u>	Garnishment 003	<u>\$300.00</u>
Amount Available for Garnishment 004	\$75.00	Amount Available for Garnishment 004	\$571.00



CIPPS WILL TAKE THE LESSER OF THE TWO

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

Example F: Federal Tax Levy

Federal tax levies have a different set of rules than standard garnishments. Employees are generally allowed a protected amount according to the chart in IRS Publication 1494. In addition, the IRS usually exempts all deduction amounts already being taken at the time the levy is received.

For the example below the total of the Federal tax levy is \$10,500. Establish the deduction as follows to ensure that CIPPS will withhold the proper amount as required by law:

```

-----EMPLOYEE DEDUCTIONS-----
COMPANY--> 00230  EMPLOYEE NUMBER--> 00999999000
NAME-----> FEDERAL          TAX          LEVY

NO   NAME      AMT/PCT   GOAL   UTILITY
CALC GN FR  PRTY  START DATE   END DATE   DED MTD   DED YTD
-----
 4  GARNISH2    10500.00   .00  000010000000073010
 95  2 09  000  00/00/0000  00/00/0000   .00       .00

```

- A. Select either deduction 003, 004 or 005 for the levy. These features are not available for deduction 006, 007 or 008.
- B. Enter the **TOTAL** amount of the levy in the AMT/PCT field of the deduction. **ALL** of the employee's pay is subject to the levy with the exception of the protected amount.
- C. It is suggested you do not enter a goal amount for a Federal tax levy. Unlike other levies, a levy on a taxpayer's wages and salary has a continuous effect. It attaches to future payments, until the levy is released.
- D. Enter the following values in the Deduction Utility Field.
 1. Enter a "1" in the 5th position of the utility field. This designates the disposable earnings as "gross less taxes less mandatory employee-paid retirement".
 2. Enter the whole dollar amount to be protected in positions 11-16 based on the calculation found in the steps below. For this example the value would be "000730".
 - a. Use the filing status and number of exemptions from the taxpayer's certification, Part 3 of the levy, to determine the amount "exempt from levy" according to IRS Publication 1494. For this example, the exempt amount is \$389.58.
 - b. Determine other deductions in effect prior to the levy which will also be exempt. Do not include taxes withheld or the mandatory employee-paid retirement deduction as these will already be exempt from the levy. Do not include direct deposit deductions as these are methods of payment. For this example, the total deductions are \$340.00.
 - c. Add the amounts from step a and b above and round to the nearest whole dollar to determine the protected amount. (\$389.58 plus \$340.00 equals \$729.58 rounded to the nearest whole dollar equals \$730)
 3. Enter the name number from H0901 in position 17.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

NOTE: Regardless of pay fluctuations that may occur from dockings or overtime, CIPPS will deduct all of the employee’s disposable earnings and leave them with the protected amount and enough to take deductions that were in place at the time the levy was received. If done correctly, the net pay should equal the amount specified in *IRS Publication 1494*.

**Example G1:
Education
Loan
Garnishment
(Administrative Wage
Garnishment)**

Federal Education Loan (FEL) garnishments are subject to no more than 15% of disposable earnings. However, as defined on page 4 of this topic, disposable pay is different for the FEL (which is an Administrative Wage Garnishment).

Current system limitations prevent the exclusion of health insurance premiums from disposable pay as required for the FEL. Therefore, users must calculate the amount for the FEL garnishment manually using the Administrative Wage Garnishment Spreadsheet found on our website. This amount will need to be recalculated each time there is a fluctuation in the amount of income received for the employee.

NOTE: State Payroll Operations does not endorse the use of SF-329C, Wage Garnishment Worksheet, because it does not calculate the disposable earnings as defined by the CCPA when calculating the maximum combined amount that can be withheld between the FEL and state-issued court-ordered withholdings.

In this example the employee has a FEL garnishment for a total of \$10,780 and the amount computed on the Administrative Wage Garnishment Spreadsheet is \$125.89.

```

> GUH 230 ON H0ZDC
-----EMPLOYEE DEDUCTIONS-----
COMPANY--> 00230 EMPLOYEE NUMBER--> 00999999900
NAME-----> EDUCATION LOAN GARNISHMENT
NO NAME AMT/PCT GOAL UTILITY
CALC GN FR PRTY START DATE END DATE DED MTD DED YTD
- 4 GARNISH2 125.89 10780.00 000011250000062911
95 2 09 000 00/00/0000 00/00/0000 .00 .00

```

- A. Select deduction 003, 004 or 005 for the garnishment. These features are not available for deduction 006, 007 or 008.
 1. Enter “125.89” in the AMT/PCT field to deduct the manually calculated amount.
 2. Enter the total amount due for the education loan garnishment in the Goal field.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

-
3. In the Deduction Utility Field:
 - a. Enter a “1” in the 5th position of the utility field. Should an additional garnishment come through, this designates the disposable earnings as “gross less taxes less mandatory employee-paid retirement” for the combined orders.
 - b. Enter a “1” in the 6th position of the utility field. This will link future additional garnishments using the same value (“1” in 6th position).
 - c. Enter “2500” in positions 7-10 of the utility field. The 15% is manually calculated – but if a future garnishment is presented this will ensure that the combined amounts do not exceed 25% of CCPA disposable pay.
 - d. Enter a whole dollar guaranteed minimum net in positions 11-16 for this employee according to the pay frequency. Amounts for a minimum wage rate of \$7.25 are Semi-Monthly “000629”, Bi-Weekly “000580”, Weekly “000290” and Monthly “001257”.
 - e. Enter the name number from H0901 in position #17.
- Enter a “1” in position #18 to decrement the goal.
-

**Example G2:
Education Loan
Garnishment
and Standard
Court Ordered
Garnishment**

Follow the instructions below to add an additional Court-ordered garnishment to the FEL shown in Example G1:

1. Select deduction 003, 004 or 005 for the garnishment. These features are not available for deduction 006, 007 or 008. (Deduction 005 in this example.)
 2. Enter “.25000” in the AMT/PCT field to deduct 25% of the employee’s disposable earnings.
 3. Enter the total amount due for the court-ordered garnishment in the Goal field.
 4. In the Deduction Utility Field:
 - a. Enter a “2” in the first position to specify that the AMT/PCT field contains a percentage.
 - b. Enter a “1” in the 5th position of the utility field. This designates the disposable earnings as “gross less taxes less mandatory employee-paid retirement”.
-

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Processing Examples, Continued

**Example G1
and G2
Education Loan
Garnishment
and Standard
Court Ordered
Garnishment**

For an employee with disposable earnings of \$1000:

1. The maximum amount of attachable earnings is 25% of disposable earnings or \$250 ($\$1000 * .25$)
2. Deduction 004 (highest priority) is evaluated first. The full dollar amount \$125.89.
3. Available net pay at this point is \$874.11 ($\$1000 - \125.89) which is greater than the required guaranteed net of \$629. There is still \$241.11 available for garnishment attachment.
4. Deduction 005 is then evaluated. The lesser of 25% of disposable income (\$124.11) or the amount remaining available for garnishment (\$241.11) will be withheld. So \$124.11 will be withheld for the second garnishment

Disposable Earnings	\$1,000.00	Disposable Earnings	\$1,000.00
Percentage to Determine Max Amount of Disposable Earnings Attachable	<u>0.25</u>	Guaranteed net	<u>\$629.00</u>
Total Disposable Earnings Available for court-ordered withholdings	\$250.00	Amount Available for court-ordered withholdings	\$371.00
Garnishment 004	<u>\$125.89</u>	Garnishment 004	<u>\$125.89</u>
Amount Available for Garnishment 005	\$124.11	Amount Available for Garnishment 004	\$241.11



CIPPS WILL TAKE THE LESSER OF THE TWO

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment YTD Processing Procedures

Terminating Third Party Deductions

If a goal is entered on H0ZDC, the deduction will not be taken once the deduction year-to-date amount equals the goal amount, or if decrementing the goal, once the goal amount has been reduced to zero. If a date was entered in the goal field, the deduction will stop when the goal date is reached. To stop a deduction at any time, change the deduction frequency to 00.

Calendar Year End Processing

Before processing the first payroll of each calendar year, it is important to review each deduction that has been established with a goal if the option to decrement the goal was not selected during setup. Since these deductions stop when the YTD is reset to "0" at the end of each calendar year, these deductions may reactivate and withhold more than is required.

If the deduction is...	Then...
to continue,	decrease the goal amount by the previous calendar year's withholdings.
not to continue,	change the frequency to 00 to deactivate it.

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Fee for Garnishments, Support Orders and Tax Lien Deductions

Background The Code of Virginia provides for the assessment of fees to be paid by both full time and part-time employees for the costs of collection of garnishments, tax liens and child support orders. Executive Branch agencies must collect these fees as follows:

Code of Virginia	Collection Fee	Frequency
§ 8.01-512.2	Garnishment \$10.00	once per summons
§ 63.1-256	Child Support \$ 5.00	per remittance/per order
§ 58.1-1804	Tax Lien \$20.00	once per tax lien

Guidelines Fees are imposed on the employee's disposable income (gross wages less deductions required by law) after the court-ordered deduction but before any voluntary deductions (i.e., health care or flexible spending accounts). Note: The combined child support amount and fee may not exceed the maximum limit applied to disposable earnings as established by Code of Virginia (§ 34-29) and the Federal Consumer Credit Protection Act (CCPA) (15 U.S.C. 1673(b)). If the employee's disposable income is not sufficient to deduct the fee during the pay period the court order is initiated, then:

support order fees are waived,
fees for garnishments and tax liens must be collected when funds become available.

Multiple Orders In the event you have a child support order in combination with a garnishment or tax lien you may do a tax and deduction override to add the appropriate fee to the regularly collected support order fee.

Court Orders Served But Not Processed If an agency is served with a court ordered withholding for a garnishment or tax lien which is subsequently resolved prior to payroll processing, the agency is still obligated to assess the garnishment fee.

Out-of-State Support Orders Out-of-state support orders with an administrative (garnishment) fee different from Virginia **do not override** the required assessment.

Fee Exemptions Fees should not be collected on the following court ordered withholdings; bankruptcy, IRS federal tax levies, local and county tax liens.

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Fee for Garnishments, Support Orders and Tax Lien Deductions, Continued

**Deduction
Number 019 –
GARN FEE**

This deduction is used to collect the garnishment fees as mandated above. This deduction has the functionality to use goal amounts when one time garnishment fees are necessary. Garnishment fees for child support deductions are taken every pay and by law should be considered along with the amount of the child support deduction when computing the maximum percentage of disposable earnings that can be withheld.

See the garnishment fee processing examples in the next section for specific instructions on how to establish a garnishment fee in CIPPS.

Deduction Utility Field Functions:

Utility Field Position 5 – Value of “1” indicates that the disposable earnings should be gross minus taxes minus mandatory employee retirement (particularly important when establishing a child support garnishment fee).

Utility Field Position 6 – Value of “0” instructs CIPPS to take the full dollar amount in the Amt/PCT field. Value of “1” instructs CIPPS to limit the combined dollar amount withheld for deductions 001-005 and deduction 019 that have a “1” in the 6th position to the percentage of disposable earnings entered in positions 7-10 (particularly important when establishing a child support garnishment fee).

Utility Field Positions 7-10 – Users may enter a two decimal place maximum percentage limit of disposable earnings. Example 55% is 5500. (particularly important when establishing a child support garnishment fee)

Utility Field Position 18 – Value of “1” indicates that the goal amount should be decremented each time an amount is deducted. The garnishment will stop automatically when the goal amount becomes zero. Garnishment fees for child support deductions should be taken each time the child support deduction comes out. If the garnishment fee is for a child support deduction, the value of this field should be “0” and there should not be a goal amount.

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Fee Procedures

**Example A:
Establishing the
Child Support
Collection Fee**

To ensure that the garnishment fee is included in determining the maximum withholding allowed for the support payment:

1. Establish the child support payment (deduction 001 or deduction 002) on H0ZDC as shown in Example A of “Garnishment Processing Examples” section.
2. Establish the \$5 garnishment fee (deduction 019) on H0ZDC. Do not enter a goal since the fee should be deducted each pay period. In the Utility Field enter a “1” in position 5 and a “1” in position 6. Enter the same maximum percentage that was used for the child support payment (deduction 001 or deduction 002) in positions 7-10 of the Utility Field.

The combination of the child support payment and the \$5 garnishment fee will not exceed the specified percentage (e.g., 55%) of the employee’s disposable earnings. If the employee’s disposable earnings are not sufficient to cover the garnishment fee, the fee is waived for that pay period and should not be collected in a future period. Using the method described above will also eliminate the garnishment fee from recycling when it cannot be withheld thereby eliminating any required batch file maintenance to remove a transaction from pending.

```

> GUH      230,00999999000                                ON H0ZDC
-----EMPLOYEE DEDUCTIONS-----
COMPANY--> 00230  EMPLOYEE NUMBER--> 00999999900
NAME-----> CHILD                                SUPPORT          ORDER 55%
NO      NAME          AMT/PCT      GOAL      UTILITY
CALC GN FR  PRTY START DATE  END DATE  DED MTD      DED YTD
-----
  1 DCSE-SUP          250.00        .00  000011550000000000
  95  2 09  000  00/00/0000  00/00/0000        .00              .00
-----
 19 GARN FEE           5.00        .00  000011550000000000
  95  2 09  000  00/00/0000  00/00/0000        .00              .00

```

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Fee Procedures, Continued

Example B: Establishing a One-Time Garnishment Fee To ensure that the garnishment fee is only taken one time for a garnishment or tax lien:

1. Establish the garnishment (deduction 003, 004, or 005) on H0ZDC as shown in Example B or C (whichever applies) of “Garnishment Processing Examples” section.
2. Establish the garnishment fee (deduction 019) on H0ZDC. Because this fee is deducted one time, enter a goal amount. In the Utility Field, enter a “1” in position 18 to decrement the goal amount entered. Note: It is optional to decrement the goal, but establishing the deduction this way ensures that the garnishment fee will only be deducted once. *Note: Do not enter the percentage in positions 7-10 of the utility as the fee related to collection of garnishments or tax liens is NOT to be taken into account in determining the maximum withholding amount.*

If the employee’s disposable earnings are not sufficient to cover the garnishment fee related to a garnishment or tax lien, the fee **should** be collected as soon as the funds become available. If you establish your deductions as shown, CIPPS **will** recycle the garnishment fee so that it is taken from a future payment.

```

> GUH      230,00999999000                                ON H0ZDC
-----EMPLOYEE DEDUCTIONS-----
COMPANY--> 00230  EMPLOYEE NUMBER--> 009999999000
NAME-----> STANDARD                PERCENTAGE          GARNISHMENT
NO      NAME      AMT/PCT      GOAL      UTILITY
CALC GN FR  PRTY START DATE  END DATE  DED MTD      DED YTD
-----
  3  GARNISH1      .25000      1000.00  200011250000062911
  95  2 09  000  00/00/0000  00/00/0000      .00      .00
-----
 19  GARN FEE      10.00      10.00  000000000000000001
  95  2 09  000  00/00/0000  00/00/0000      .00      .00

```

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Fee Procedures, Continued

Example C: Garnishment Fees with an existing Child Support Fee

Collection of a garnishment fee that includes both a fee for child support and a fee for a garnishment must be handled using a deduction override:

1. Ensure that the child support deduction (001 or 002) and the garnishment deduction (003, 004 or 005) are established on H0ZDC as shown in Example D of “Garnishment Processing Examples” section.
2. Ensure that the garnishment fee (deduction 019) on H0ZDC is already established as shown in Example A above. The \$5 per pay period garnishment fee for child support should already be established.
3. Key a deduction override for garnishment fee 019 on HUD01 as shown below. Key the amount of the one-time fee that is due with a “+” sign in the adjustment indicator.

```

> GUH 00230,0001 ON HUD01
-----DEDUCTION OVERRIDE-----
 _ COMPANY--> 00230 BATCH NUMBER--> 0001 PAGE NUMBER--> 00001
EMPLOYEE C      DED STATE  DEDUCTION  DEDUCTION  DATE  DATE
NUMBER  D  TRN  NO LOCAL   GOAL      AMOUNT  FROM  TO      ADJ
              (2ND LINE)  DEDUCTION UTILITY
0099999990 0 8 XX 019 000000 000000000000 00000001000 00000000 00000000  +
0000000000 X 8 XX 000 000000 000000000000 000000000000 00000000 00000000  -

```

On the following day review the edit Report 10 for this employee. The garnishment fee deduction has been established in a way that will prevent the uncollected fee from recycling. The deduction override to collect the additional fee amount related to the garnishment will not process nor will it be recycled should the maximum limit of disposable earnings be exceeded when the support payment and the five dollar fee are combined.

Example D below provides a method to collect the garnishment related fee in such instances.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Garnishment Fee Procedures, Continued

**Example D:
Collecting
Additional
Fees Due
when there
are
Insufficient
Funds to
Collect the
Child Support
Fee**

Deduction 010, DUE AGENCY, should be used to collect the fee amount when a garnishment fee related to a garnishment cannot be withheld due to a concurrent fee for child support that exceeds the maximum limit of disposable earnings. The third party check that is created should then be sent to State Payroll Operations for deposit to the appropriate general ledger account.

1. Deduction 019 (Garnishment Fee) should be established as shown in Example A so that the \$5 per period child support fee will resume in the next pay period.
2. On screen H0901 establish a name number record as shown below:

```

> GUH      230                                     ON H0901

                --DEDUCTION PAYMENT NAME & ADDRESS--

COMPANY--> 00230  EMPLOYEE NUMBER--> 00009999900  NAME NUMBER--> 1
NAME>
PAYEE NAME-----> GARNISHMENT FEES
ADDRESS 2-----> BENEFITS SUPERVISOR / PAYOPS
ADDRESS 3-----> DEPARTMENT OF ACCOUNTS
ADDRESS 4-----> POST OFFICE BOX 1971
ADDRESS 5-----> RICHMOND, VA 23219
GARNISHMENT CASE NUMBER--> _____
GARNISHMENT CASE NAME-----> _____

                ---DEDUCTION ELECTRONIC FUND TRANSFERS (EFT)---

EFT H83 SW----->                               EFT H83 KEY-----> 000

```

3. Establish deduction 010 (Due Agency) as shown below. Enter a “1” in position #8 of the Utility Field to decrement the goal. Enter the applicable name number used on H0901 in position #17 of the Utility Field (In this example, we used name number “1”).

```

> GUH      230                                     ON H0ZDC

                -----EMPLOYEE DEDUCTIONS-----

COMPANY--> 00230  EMPLOYEE NUMBER--> 00999999000
NAME-----> STANDARD                PERCENTAGE      GARNISHMENT

NO      NAME      AMT/PCT      GOAL      UTILITY
CALC GN FR  PRTY START DATE  END DATE  DED MTD      DED YTD

--- 10 DUE AGY      10.00      10.00  000000010000000010
    76  2 09  000  00/00/0000  00/00/0000      .00      .00

--- 19 GARN FEE      5.00      .00  000011550000000000
    95  2 09  000  00/00/0000  00/00/0000      .00      .00

```

Continued on next page

Garnishment Reports

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

**Report 907,
Missing Child
Support Fees**

Child support collection fees are due with every remittance of a child support payment. Therefore, when there is an active deduction 001, DCSE-SUPPORT, or deduction 002, SUPPORT 2, there should always be an active deduction 019, Garnishment Fee, present.

Report 907, “Missing Child Support Fees” can be requested during your edit processing on screen HSRUT to help ensure that the \$5 fee is withheld each time a child support payment is made.

The report will print an exception when an employee has an active deduction 001, DCSE-SUPPORT, or deduction 002, SUPPORT 2, and there is no active deduction 019, Garnishment Fee.

In addition, it is inappropriate to establish or decrement a goal for child support fees which are payable with each remittance. Report 907 will print an exception if a “1” is present in position #18 and deduction 001,DCSE-SUPPORT, or deduction 002, SUPPORT 2, is active. Please remove the “1” in those cases to allow the collection fee to process.

Volume No. 1—Policies and Procedures	TOPIC NO.	50405
Function No. 50000—Payroll Accounting	TOPIC	Court-Ordered Withholdings
Section No. 50400—Deductions	DATE	September 2014

Internal Control

Agency Responsibility It is the responsibility of the employing agency to ensure that third-party payments are deducted in accordance with the court order or levy, and that payments are forwarded to the creditor by the due date.

Record Retention

Time Period Payroll records and documentation should be retained for 5 years or until audited, whichever is later.

Contacts

Contacts Director, State Payroll Operations
Voice: (804) 225-2245
E-mail: Payroll@doa.virginia.gov

Payroll Business Analyst/Trainer
Voice: (804) 225-3065 or (804) 225-2004
E-mail: Payroll@doa.virginia.gov

Subject Cross References

References CAPP Topic No. 50110, CIPPS Navigation
