Title:
What Is A Wage Garnishment?

Word Count:
467

Summary:
A wage garnishment is a legal procedure through which a percentage of a person's earnings are withheld by an employer for the payment of a debt. Most wage garnishments are made by court order. Other types of wage garnishments are of legal or open procedures made by the IRS or state tax collection agency levies for unpaid taxes and federal agency administrative garnishments for non-tax debts owed to the federal government.

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Keywords:
Wage Garnishment Law,IRS Wage Garnishment,IRS Levy,IRS Garnishment,Wage Garnishment,Garnishment

Article Body:
A wage garnishment is a legal procedure through which a percentage of a person's earnings are withheld by an employer for the payment of a debt. Most wage garnishments are made by court order. Other types of wage garnishments are of legal or open procedures made by the IRS or state tax collection agency levies for unpaid taxes and federal agency administrative garnishments for non-tax debts owed to the federal government.

Wage garnishments do not include voluntary wage garnishments. Some debtor's may voluntarily consort with their employers to turn over a specified amount of their earnings to a creditor to absolve the debt voluntarily, without the use of a court order.

The Wage and Hour Division of the Department of Labor's Employment Standards Administration has dispensed Title III of the Consumer Credit Protection Act (CCPA) to limit the amount of an employee's earnings that are garnished and protects employee's from losing their jobs if their wages are garnished for only one debt.

Title III of the CCPA is enforced in all 50 states, including the District of Columbia, and all U.S. territories and possessions. This is a law that protects everyone who receives personal earning and incomes, e.g. wages, salaries, commissions, bonuses or earnings from a pension or retirement plan. The CCPA also forbids an employer from discharging an employee whose wages are garnished for any one debt, regardless of the number of levies made or attempts made to collect that debt, because of one single wage garnishment. The CCPA does not forbid discharging an employee when an employee's wages are separately garnished for two or more debts owed.

The amount of pay subject to wage garnishment is based on the employee's disposable wages. This is the amount of pay left over after all legally required deductions are made, e.g. federal, state and local taxes, State Unemployment Insurance, Social Security or any other withholdings for employee retirement systems required by law.

Deductions that are not required by law and that may not be subtracted from gross earnings when calculating disposable earnings under the CCPA are: voluntary wage deductions, union dues, health and life insurance, charitable contributions, savings bonds, optional retirement plans, reimbursements to employers for payroll advances or merchandise.

Title III of the CCPA sets a maximum amount that may be garnished in any pay period, regardless of how many wage garnishment orders are received by the employer. For common wage garnishments, excluding those for child support, alimony, bankruptcy, or any state or federal tax, the weekly amount may not exceed 25% of the employee's disposable earnings or by the amount by which an employee's disposable earnings are greater than 30 times the federal minimum wage. If a state wage garnishment law differs from the CCPA, the law resulting in the smaller wage garnishment must be observed.