From: UCPath Center, University of California
Subject: UCPath Alert: 2021 Year-End Overpayment Recovery Deadline Approaching
Date: Thursday, October 14, 2021 9:54:12 AM

UCPath_Vertical response 650x126 Email Header 2

UCPath Alert: 2021 Year-End Overpayment Recovery Deadline Approaching

To: General UCPath Communications distribution

The Internal Revenue Service (IRS) states that recovery of a payroll overpayment must occur in the same year as the overpayment. This overpayment recovery affects the employee's earnings and tax withholding record.

Important 2021 Year-End Deadlines:

- Adjustment requests for overpayments occurring January 1 through November 15, 2021, **must be submitted by November 19, 2021**. Transactions received after November 30, 2021, may not be processed before December 31, 2021.
- Employees are required to repay the net amount of the overpayment (gross earnings less taxes and deductions) by **December 31, 2021**. If payment is not received by December 31, 2021, the employee's W-2 will include the overpayment amount and federal and state withholding taxes applicable to the overpayment.

Tip: Send adjustment requests via UCPath self-service transaction, Overpayment Adjustment (E-078), as soon as the overpayment is identified.

What happens if I do not submit adjustments before the end of the year?

- Overpayments that cannot be corrected before December 31, 2021, will be processed in 2022 as prior year overpayments, and the employee will owe unrecoverable taxes

Anything else I should know that might affect the employee repayments?

- Be sure to notify the employee so they can arrange for repayment before December 31, 2021
- Employees who have previously agreed to repayment terms are not subject to this deadline
- If repayment is not made in 2021, the employee must repay a higher amount since

withheld taxes cannot be adjusted in subsequent years. Please share this information with employees when you review the overpayment documentation with them.

Paychecks being held by locations or employees for pay that is *not due* **must be returned to UCPath** immediately. If a check is returned to UCPath that has not been cashed by the employee, a stop payment can be requested and the check can be reversed so that the employee's 2021 W-2 will be correct.

Thank you,

UCPath
(855) 982-7284
Monday - Friday from 8:00 a.m. - 5:00 p.m.
ucpath.universityofcalifornia.edu