



Wage Deductions in New Zealand

Your essential guide to protecting employee wages
under NZ law



What This Guide Covers



Payment Laws

Understanding wage protection legislation



Lawful Deductions

When deductions from pay are permitted



Overpayment Recovery

How to recover wages paid in error



Wages Protection Act 1983

Full Payment Required

Entire wages must be paid without deduction when due

Payment Methods

Cash, cheque, or direct bank transfer with employee consent

Cannot Contract Out

Applies to all employment relationships without exception



Making Lawful Deductions

Deductions require written agreement signed by both parties

Common Examples

Unreturned tools, staff purchases, traffic infringements

Must Consult First

Employer must discuss before making any deduction

Must Be Reasonable

Cannot be excessive or disproportionate to actual loss



Enforcement & Penalties

Who Can Enforce

- Employees
- Employee representatives
- Labour Inspectors

Time Limits

Claims can be made up to 6 years after wages were due

Penalties

\$10K

Individual Fine

\$20K

Company Fine

Recovering Overpayments

01

Written Consent

Employee agrees to deduction in writing

02

Statutory Compliance

Tax, child support, student loans, court orders

03

Employment Agreement

Deduction clause signed by employee

04

Unavoidable Overpayment

Employee absent, on strike, locked out, or suspended

- 📌 **Important:** Employee can withdraw consent with written notice. Employer must stop deductions within 2 weeks.



Need Expert Guidance?

Professional advice ensures compliance with wage protection laws

Get Support

Contact [**HR Unlocked**](#) for tailored employment agreements and expert interpretation

This guide is not comprehensive and should not be used as substitute for professional advice