

# Can we charge administrative fees when employees create a burden on payroll?

**Q: “Can the company legally assess an administrative fee to employees who have been issued a corporate credit card and have been told in writing that the card is to be used for business purposes only, yet continue using it for personal purposes? It means the accounting department must adjust their regular paycheck to deduct the monies used for personal expenses.”- MK, Oklahoma**

**A:** Charging an administrative fee to cover the cost of your time spent adjusting the employee paychecks is probably not practical, at least for nonexempt workers, but you have a number of other options, which include:

- declining to provide the employees who won't follow your rules with a corporate card, which would require them to wait for reimbursement through the expense process to pay off employment expenses incurred using their own monies; or
- obtaining a corporate card in the employee's name which the employee is responsible for paying each month, and reimbursing the employee, not the card vendor, by expense report.

The U.S. Department of Labor take the position that an employer may, with the prior agreement of the employee, deduct “advances” on wages from an individual's paycheck, but that the employer may not charge administrative costs for that loan or advance if the administrative fee would cut into the individual's minimum wage calculation or overtime pay. See [U.S. Department of Labor, Field Operations Handbook](#), ch. 30, § 30c10.

Although this informal guidance would seem to authorize the imposition of an administrative charge in some circumstances, it's important to run the actual plan past your attorney before moving forward. You also must be mindful of state law: Not all states permit deductions of the sort you describe. In Oklahoma, an employer can deduct from wages if you and your employee voluntarily enter into a payroll deduction agreement for repayment of loan or advance from the employer to the employee during the course of and within the scope of employment. A payroll deduction agreement must be in writing and signed by the employee before the authorized deduction is taken. *Okla. Admin. Code § 380:30-1-7.*