

Dear Employee,

You have been overpaid wages in the check(s) date \_\_\_\_ and \_\_\_\_ . As a result a recovery has been established whereby \$ \_\_\_\_ will be reduced from your pay bi-weekly until the overpayment has been satisfied.

Please note when an overpayment originated in a prior calendar year, IRS regulations do not allow the employer to apply this repayment to the amount used in calculating your current tax withholdings. The IRS does recognize however, that at the time you were originally overpaid, you also overpaid your Social Security and Medicare taxes. As a result, a Social Security and Medicare tax refund will be issued to you for the amount associated with this repayment.

The IRS requires that the employer report this Social Security and Medicare tax refund to them and to issue you a corrected tax and wage statement, Form W-2C for the year(s) impacted. You will receive this refund in a separate check. You do not need to file an amended tax return. You do, however, need to sign the form AC3206 authorizing the State of New York to pursue this refund on your behalf and to confirm that you will not file a claim on your own.

The IRS does not allow adjustments to be made to prior year Federal Reportable Wages or prior year Federal Tax Withholding. You may however be eligible for a tax deduction or credit for the amount repaid when you file your tax return.. You will receive a Credit Statement around the time you receive your Form W-2 providing details of this repayment to be used when filing your tax return. If you have questions related to this potential tax deduction or credit, please consult your tax advisor.