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PARKS CANADA OVERPAYMENT GUIDE

v 1.3 October 2023





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Summary of Contents

The intention of this guide is to centralize all information pertinent to Overpayments (OPs) in one reference document. The information provided here is based on the current overpayment letter format which was put into use in May 2023.



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1. What is an Overpayment (OP)?

An **overpayment** is an amount of money paid to an employee to which they are not entitled. The following situations are examples of overpayments:

- An employee is (or was) on Leave without pay (LWOP) and continued to receive their pay
- An employee's acting pay did not stop when their acting assignment ended
- An employee received an allowance that they were not entitled to
- A schedule change that was not processed in a timely manner

Overpayments usually occur when certain pay transactions are not submitted or processed promptly.

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2. Employee Responsibilities

Keep an eye on your pay stubs - To see if an overpayment has been recorded in Phoenix, log in to Phoenix Self-Service (accessible only on the Government of Canada network) or MyGCPay (employees who do not have access to the Government of Canada network can access MyGCPay off network) and check for a pay stub with a Net Pay of \$0.00. A generated overpayment will appear on a \$ 0 pay stub that is issued in addition to your regular pay cheque. If you have been overpaid, or suspect that you may have an overpayment, you should speak with your manager to ensure all transactions have been submitted to your HR unit.

Ensure that timeliness guidelines are respected - You can avoid having an overpayment appear on both your pay stubs and your tax slips by ensuring pay transactions are processed in Phoenix in advance. If you are planning on taking any form of leave without pay (LWOP), it is important to speak with your manager early and ensure that your request is submitted within the timeliness guidelines. Prior to starting your LWOP, confirm with your manager that your request has been approved and submitted for processing. Remember, the sooner a transaction (such as a LWOP request form) is submitted, the better!

If you receive a notice of overpayment, ensure that you submit your reply before the due date indicated in the letter - If the acknowledgement letter (Annex B) is not returned within the deadline specified in the overpayment letter, you will lose the option to access repayment flexibilities and the recovery at the default rate will start immediately.

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3. Will I be notified if there is an OP on my file? How?

When overpayments are processed and validated, the Public Service Pay Centre will send employees whose overpayment amounts total more than 10% of their gross biweekly pay an overpayment letter. The letter will include the amount owing, the cause of the overpayment and the flexible repayment options available to them, if applicable. When the employee returns the acknowledgement letter within the deadline specified and chooses to access the repayment flexibilities, recoveries of the amount will start when:

- all related outstanding transactions on the employee's file have been addressed,
- the employee has received 3 consecutive correct pay cheques,
- a recovery agreement has been established.

It is very important to note that if the acknowledgement letter is not returned within the deadline specified in the overpayment letter, the recovery at the default rate (as indicated in the letter) will start immediately. This is discussed in further details on the [Importance of Responding to an Overpayment letter](#) page.

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4. The Overpayment Letter

On the following pages, we will discuss an overpayment letter and go through the significance of each section.

The body: This is the first part of the letter that you will encounter. It includes information such as the confirmation that an overpayment has been calculated in your pay file, your case number, a brief summary of the reason and the total amount owing, as well as instructions on how to proceed.

Annex A: This page will provide you with detailed instructions on how your overpayment(s) were calculated, the dates during which they occurred, the cheque number on which it was calculated, as well as the exact gross and net amount (and which amount is being recovered). All of the highlighted sections below should be completed on the letter that you receive.

1.	Tax Year: []		Transaction type that caused the overpayment: []	
	[]			
	Overpayment occurred	From: DD/MM/YYYY	To: DD/MM/YYYY	
	Payment received by employee	From: DD/MM/YYYY	To: DD/MM/YYYY	
	Overpayment paycheque date:	DD/MM/YYYY	Overpayment paycheque #:	####
	Calculation of overpayment []			
	(add more space as necessary)			
	Gross amount of overpayment:	\$ []	Net amount	\$ []
	Recovered amount (if any):	\$ []	Outstanding	\$ []





4. The Overpayment Letter (cont'd)

Annex B: This page contains options for the acknowledgement of the overpayment and the repayment options that are available to you, if any (see the [Repayment options and flexibilities](#) page for more information). There are two sections that require your immediate attention on this part of the Annex B: the acknowledgement section and the repayment option section.

The Acknowledgement section: for each overpayment detailed in Annex A, you will need to chose from Option 1, Option 2 or Option 3:

- **Option 1:** You are acknowledging the overpayment as described in Annex A and wish to immediately repay the overpayment.
- **Option 2:** You are acknowledging the overpayment as described in Annex A but wish to defer the repayment of the overpayment until specific conditions are met.
- **Option 3*:** You are disagreeing with the validity or amount of the overpayment as described in Annex A. Please note that if you select this option you are required to provide documentation supporting your argument. Failure to including the detailed documentation may result in the commencement of the default recovery as outlined in the overpayment letter.

Please select one of the following options, for each overpayment amount listed on Annex A:

Option 1 – I acknowledge and agree with the overpayment as detailed in Annex A of this letter dated DD-MMM-YYYY and wish to immediately repay the overpayment (select repayment option A, B or C below); or

Option 2 – I acknowledge and agree with the overpayment as detailed in Annex A of this letter dated DD-MMM-YYYY and wish to defer repayment (select repayment option A, B or C below) until the conditions are met (you are paid all your outstanding monies owed and you have received three consecutive, correct pay cheques); or

Option 3 – I disagree with the validity or amount of the overpayment set out in Annex A and have attached supporting documentation. **Failure to do so may result in the commencement of recovery action**

OP #	YEAR	OP TYPE	OP AMOUNT	OPTION 1	OPTION 2	OPTION 3
1.			\$	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Those who wish to invoke the 6-year limitation period per the [Crown Liability and Proceedings Act](#), should select Option 3 and add a handwritten note to this effect on the document.

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4. The Overpayment Letter (cont'd)

Repayment options section: If you selected Option 1 or Option 2 in the acknowledgement section, here is where you choose how you would like to repay the overpayment. You will need to choose from Option A, Option B or Option C

- **Option A:** You wish to repay the overpayment from the first available funds as a payroll deduction. This means that the total amount owing will be deducted from your pay cheque which, depending on the overpayment amount, could result in one or more \$0 pays for you. This deduction will continue until the balance is recovered in full.
- **Option B:** You wish to repay the overpayment in one lump-sum payment from a source other than your regular pays. This could be by personal cheque, money order or a bank draft.
- **Option C:** You wish to repay the overpayment in an extended payment plan. This option provides you with the ability to suggest a repayment schedule that is flexible and avoids to the extent possible any adverse financial impacts* on you. You will have maximum discretion, as reasonable, to determine a repayment plan.

Please select one of the following repayment options:

- Option A** – First available funds via payroll deduction (maximum amount until your overpayment is recovered in full); or
- Option B** – Payment to organization directly for the full overpayment amount. If you are making a payment, please send a personal cheque, money order, or bank draft made payable to the Receiver General of Canada along with your completed Annex B. (please contact your departmental Finance office to determine how to make the payment at [Enter departmental Finance info here](#)); or
- Option C** – Recovery via payroll deductions of \$ _____ per payment (employee to complete).
Note: Any amount below \$ [Click or tap here to enter text.](#) (10% of your gross bi-weekly salary) will be considered a request for financial hardship and will require approval by the appropriate delegated authority.

*For more information on financial hardship and how to claim, please see the [Special Circumstances](#) page.

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5. Net Overpayments vs Gross Overpayments

Net Overpayments

An overpayment is recorded as a net amount when it is related to an administrative, clerical or system error and it is recorded no later than 3 calendar years after the year in which it occurred.

For example, if an overpayment is recorded in 2021 for a payment issued in 2018 or after, the overpayment is recorded as a net amount.

The following deductions are adjusted by your employer: *Canada Pension Plan (CPP)*/Quebec Pension Plan (QPP)* contributions, Employment Insurance (EI)* and Quebec Parental Insurance Plan (QPIP)* premiums, Federal and provincial income tax, Unions dues, Pension contributions*

*Deductions for CPP/QPP and EI/QPIP are refunded only if the adjusted pensionable and insurable earnings are below the respective thresholds for that year.

Your original tax slips will be adjusted for the earnings and applicable deductions if your overpayment is recorded in the same year that it occurred or within 3 years following the year in which the overpayment occurred. An amended tax slip will be issued.

Your tax return will be reassessed automatically by the Canada Revenue Agency (CRA) and, if applicable, Revenu Québec**.

** If an employee resides in Quebec but works in a province other than Quebec, there is no RL-1 issued for regular pay (only for taxable benefits), therefore Revenu Québec will not automatically reassess the tax return as they would not be advised of the overpayment. In this case, the employee will need to request the reassessment.

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5. Net Overpayments vs Gross Overpayments (cont'd)

Gross Overpayments

There are **two reasons** why an overpayment is recorded as a gross amount:

- When it is related to an administrative, clerical or system error and it is not recorded in Phoenix within 3 years following the year in which the overpayment occurred.
- When you have a signed contract that you did not fulfill. For example, when you receive the maternity/parental top up, or when you modify a leave with income averaging (LIA) arrangement.

The following deductions are adjusted by your employer: *Unions dues, Pension Contributions*

The following deductions are NOT adjusted by your employer: *Canada Pension Plan (CPP)/Quebec Pension Plan (QPP) contributions, Employment Insurance (EI) and Quebec Parental Insurance Plan (QPIP) premiums, Federal and provincial income tax*

Your tax slips will be adjusted for the earnings and applicable deductions, and amended tax slips will be issued.

Your tax return **will not** be reassessed automatically if the overpayment is for a year that is more than 3 years in the past. You have to request a reassessment of your tax return by contacting the Canada Revenue Agency (CRA) and, if applicable, Revenu Quebec.

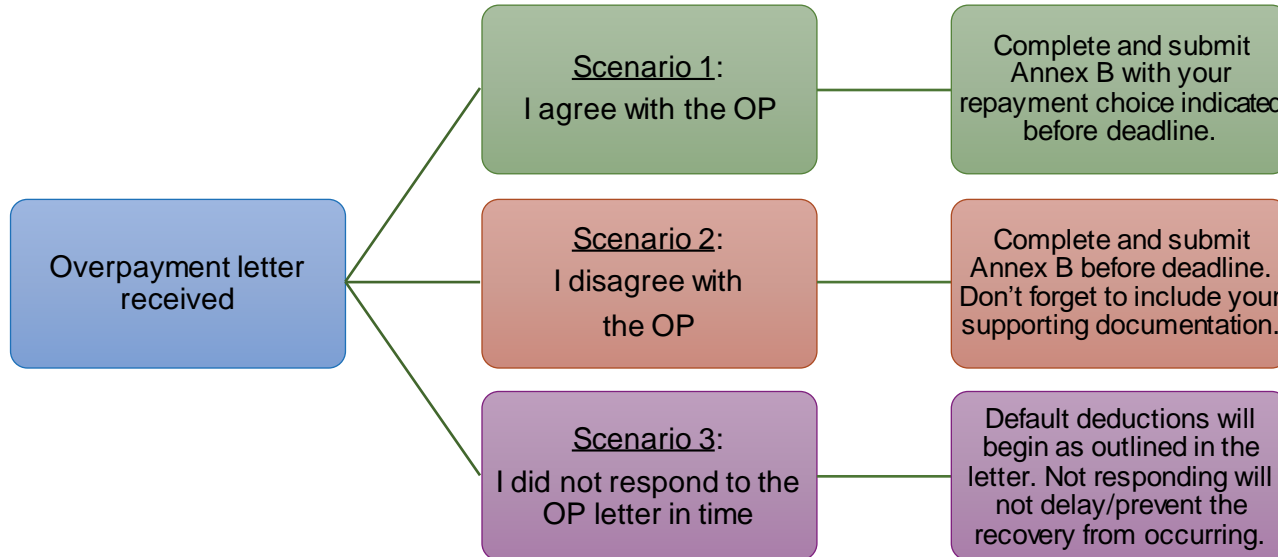
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6. How to Proceed

(click on each scenario for more details)





6. How to Proceed (cont'd)

Scenario 1:
I agree with the OP

I acknowledge the overpayment and agree with the amount.

Step 1: I respond to the letter agreeing to the overpayment, the amount, and select my repayment option.

Step 2: My repayment will begin as per my selected option. If I request and qualify for flexibilities, the recovery will only begin after all conditions have been met.

Step 3: I will be notified by email when my recovery will begin.

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6. How to Proceed (cont'd)

Scenario 2:
I disagree with
the OP

I disagree with the amount and/or validity of the overpayment.

- Step 1:** I respond to the letter and include an explanation of why I disagree with the amount and/or validity.
- Step 2:** A compensation advisor at the Pay Centre will review my file and contact me to provide additional information.
- Step 3:** If I request and qualify for [flexibilities](#), the recovery will only begin after all conditions have been met.
- Step 4:** I will be notified by email when my recovery will begin.

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6. How to Proceed (cont'd)

Scenario 3:

I did not respond to the OP letter in time

Step 1: I don't respond to either the original or follow-up notification within 4 weeks of the original letter.

Step 2: The overpayment recovery will start automatically on my next available payment as indicated in the letters. I am not entitled to flexibilities or an Emergency Salary Advance/Priority Payment.

Step 3: I may be eligible to modify my repayment schedule for remaining amount by responding to my overpayment acknowledgement letter.

Importance of responding to OP letter

Overpayment letters must be responded to promptly and by the date indicated in the overpayment letter. Employees are given four weeks to respond to the letter by submitting the completed and signed Annex B to the Pay Centre via email. If a reply is not received within that timeframe, the Pay Centre will begin the overpayment recovery immediately by default and you will lose access to the flexible recovery options.

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7. Repayment options and flexibilities

Flexible measures have been put in place to help minimize financial hardships for employees for the repayment of overpayments related to Phoenix pay system issues. Employees with overpayments greater than 10% of their gross biweekly pay, eligible for flexibility measures, will receive a letter advising them of the amount owing, the cause of the overpayment, and the flexible repayment options available to them. Only if the employee returns the acknowledgement letter within the deadline specified in the overpayment letter and chooses to access the repayment flexibilities, recoveries of these amounts will start when:

- all the employee's outstanding transactions relating to the situation in question have been addressed
- the employee has received 3 consecutive correct pay cheques
- a recovery agreement has been established

If the acknowledgement letter is not returned within the deadline specified in the overpayment letter, the recovery at the default rate will start immediately.

If you consider yourself to be in a financial hardship situation and have already agreed to a repayment plan before the measures were put in place, you can ask for your repayment plan to be modified to benefit from these flexible options. Please reach out to the Client Contact Centre (1-855-686-4729) for more details.

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8. Exceptions to flexible repayment options

Unfortunately, not all overpayments and monies owing are subject to flexible repayment options. Some debts must be repaid from first available funds and are recovered in full until the outstanding debt is recovered.

Flexible repayment options do not apply to recoveries of amounts owing arising from routine pay transactions, which include, but are not limited to, the following:

- overpayments of less than 10% of an employee's gross bi-weekly pay
- periods of leave without pay (LWOP) of 5 days or less
- overdrawn leave (vacation/sick) upon termination of employment (for reasons other than incapacity/illness and layoff)
- cancellation of a leave with income averaging agreement by the employee, where the leave has been taken
- amounts advanced on behalf of employees for union dues
- maternity/parental allowance, where the employee has not fulfilled their obligation as set out in their collective agreement or terms and conditions of employment
- amounts owed to public service health insurance plans, pension, supplementary death benefit or disability/long-term disability due to periods of leave without pay

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9. Special Circumstances

Financial Hardship - If you consider yourself to be in a financial hardship situation and are not able to meet the minimum required payment as outlined in the overpayment letter, you can ask for your repayment plan to be modified. This may be done by contacting Client Contact Centre (1-855-686-4729).

Overpayment Recoveries while on LWOP – If you are off on extended period of leave without pay, and are entitled to repayment flexibilities, repayment of any amounts owing may be delayed until:

- you have returned to work
- all your outstanding transactions relating to the situation in question have been addressed
- you have received three (3) consecutive correct pay cheques
- a recovery agreement has been established

Note: to benefit from the above-mentioned flexibilities, employees must return the acknowledgement letter in the prescribed timeframe. However, depending on the duration of the leave without pay, recovery of the overpayment may be initiated sooner in certain situations (such as when you are in receipt of an allowance while on LWOP).

Employees that have left the Public Service – In the case of terminated employees, overpayments are recovered from first available funds on termination of employment. If an employee still has an outstanding arrears balance after all final payments have been issued, they will receive a letter advising of the outstanding amount. A personal cheque, money order or bank draft made payable to the Receiver General of Canada can be used to pay this amount in full.

Terminated employees who would like to verify if an overpayment is recorded in Phoenix or would like to arrange repayment are asked to call the Client Contact Centre at 1-855-686-4729.

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10. Overpayment FAQ

When will my overpayments be deducted from my pay?

- If you return the acknowledgement letter within the deadline specified in your letter and choose to access the repayment flexibilities, recoveries of these amounts will start when:
 - ✓ all your outstanding transactions have been addressed
 - ✓ you have received 3 consecutive correct pay cheques
 - ✓ a recovery agreement has been established

What should I do if I notice that recoveries have been taken off my pay without my consent?

- If you notice that an overpayment recovery has not been done in accordance with payment flexibilities [and you have already returned the acknowledgement letter within the prescribed timeframe](#), contact the Client Contact Centre (1-855-686-4729) to request that the recoveries be stopped immediately.

How much flexibility will I have to determine my repayment schedule?

- You will be provided all reasonable flexibility with respect to the repayment timeframe and the rate to be paid. The default rate of recovery for amounts owing is equivalent to the amount of pay periods over which the overpayment occurred. For a hardship situation, the default rate is 10% of an employee's biweekly pay.
- In general, repayment should be completed within 3 years of a plan being established, or earlier for employees departing the government.

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10. Overpayment FAQ (cont'd)

How will my overpayment from a previous year be treated if it is recovered in another year – why are some processed as net amounts while others are processed as gross amounts?

- Under the tax legislation implemented on January 15, 2019, by the Department of Finance Canada, your employer can adjust certain tax withholdings at source to reduce the overpayment amount owed by an employee if the overpayment is recorded in Phoenix within the 3 calendar years following the year during which the payment was made.
 - If the overpayment is recorded in Phoenix no later than 3 calendar years after the year during which the overpaid funds were paid, the overpayment will be created as a **net overpayment**; gross overpayment less applicable withholdings. The earnings and applicable withholdings will be adjusted on the tax slips.
 - If the overpayment is recorded in Phoenix later than 3 calendar years after the year in which the payment was made, the overpayment will be created as a **gross overpayment**.

Why was I issued an amended tax slip (T4, RL1)?

- When overpayments are recorded, amended tax slips are produced for the year impacted; these are available in MyGCPay. Your tax return will be automatically reassessed**, unless the overpayment was recorded more than 3 calendar years after you received funds that you were not entitled to. In this case, you must request a reassessment from Canada Revenue Agency and/or Revenu Québec to receive any applicable tax credits.

** If an employee resides in Quebec but works in a province other than Quebec, there is no RL-1 issued for regular pay (only for taxable benefits), therefore Revenu Québec will not automatically reassess the tax return as they would not be advised of the overpayment. In this case, the employee will need to request the reassessment.

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10. Overpayment FAQ (cont'd)

Will I have overpayments recovered from amounts I may be owed outside of regular salary (for example, revision amounts due to signing of the collective agreement)?

Active Employees

- No. Amounts will be recovered from your regular salary unless you request amounts to be recovered from other lump-sum amounts that you may be owed. If you wish to have overpayments recovered from pending amounts owed, or if you would like to repay any amounts owing through other means, please reach out to the Client Contact Centre (1-855-686-4729) for assistance.

Terminated Employees

- Yes. Employees whose employment ends will have any amounts owing recovered in full from first available funds.

