



# Wages Act 1986

## 1986 CHAPTER 48

### PART I

#### PROTECTION OF WORKERS IN RELATION TO THE PAYMENT OF WAGES

#### **2 Deductions from wages of workers in retail employment on account of cash shortages etc.**

(1) Where (in accordance with section 1(1)) the employer of a worker in retail employment makes, on account of one or more cash shortages or stock deficiencies, any deduction or deductions from any wages payable to the worker on a pay day, the amount or aggregate amount of the deduction or deductions shall not exceed one-tenth of the gross amount of the wages payable to the worker on that day.

(2) In this Part—

" cash shortage " means a deficit arising in relation to amounts received in connection with retail transactions;

" pay day ", in relation to a worker, means a day on which wages are payable to the worker;

" retail employment ", in relation to a worker, means employment involving (whether on a regular basis or not)—

(a) the carrying out by the worker of retail transactions directly with members of the public or with fellow workers or other individuals in their personal capacities, or

(b) the collection by the worker of amounts payable in connection with retail transactions carried out by other persons directly with members of the public or with fellow workers or other individuals in their personal capacities;

" retail transaction " means the sale or supply of goods, or the supply of services (including financial services); and

" stock deficiency " means a stock deficiency arising in the course of retail transactions.

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*Status: This is the original version (as it was originally enacted).*

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(3) Where the employer of a worker in retail employment makes a deduction from the worker's wages on account of a cash shortage or stock deficiency, the employer shall not be treated as making the deduction in accordance with section 1(1) unless (in addition to the requirements of that provision being satisfied with respect to the deduction)—

- (a) the deduction is made, or
- (b) in the case of a deduction which is one of a series of deductions relating to the shortage or deficiency, the first deduction in the series was made,

not later than the end of the period of 12 months beginning with the date when the employer established the existence of the shortage or deficiency or (if earlier) the date when he ought reasonably to have done so.

(4) This subsection applies where—

- (a) by virtue of any agreement between a worker in retail employment and his employer, the amount of the worker's wages or any part of them is or may be determined by reference to the incidence of cash shortages or stock deficiencies, and
- (b) the gross amount of the wages payable to the worker on any pay day is, on account of any such shortages or deficiencies, less than the gross amount of the wages that would have been payable to him on that day if there had been no such shortages or deficiencies.

(5) In a case where subsection (4) applies—

- (a) the amount representing the difference between the two amounts referred to in paragraph (b) of that subsection ("the relevant amount") shall be treated for the purposes of this Part as a deduction from the wages payable to the worker on that day made by the employer on account of the cash shortages or stock deficiencies in question, and
- (b) the second of the amounts so referred to shall be treated for the purposes of this Part (except subsection (4)) as the gross amount of the wages payable to him on that day;

and section 1(1) and (if the requirements of that provision and subsection (3) above are satisfied) subsection (1) above shall have effect in relation to the relevant amount accordingly.