



# Garnishment Formula for Wage Levy

Federal Consumer Credit Protection Act, Title III (15 USC Sections 1671-1677), and Montana Statute (25-13-614, MCA) provides exemptions from garnishment.

Definitions:

- **Earnings:** Compensation for personal services, whether called wages, salary, commissions, or bonuses, and payments to pension or retirement program.
- **Disposable Income:** Earnings remaining after (tax) deductions required by law (Federal and State taxes, FICA, etc.)
- **Garnishment:** Any legal or equitable procedure by which the earnings of an individual are required to be withheld for payment of a debt.

## Computation of Garnishment Amount

1. \_\_\_\_\_ Enter total earnings
- (-) \_\_\_\_\_ Deduct federal withholding
- (-) \_\_\_\_\_ Deduct state withholding
- (-) \_\_\_\_\_ Deduct FICA, Federal Disability and Medicare
2. (=) \_\_\_\_\_ Disposable income
3. \_\_\_\_\_ Enter 25% (0.25) of line 2
4. (-) \_\_\_\_\_ Deduct any previously received garnishment amount, including child support and IRS levies.
5. \_\_\_\_\_ Line 3 minus line 4
6. \_\_\_\_\_ Disposable income (from line 2)
7. (-) \_\_\_\_\_ Deduct amount from drop down option based on pay schedule  
                                   Use: (\$0.00 if no wages)  
   (\$217.50 if paid weekly)  
   (\$435.00 if paid bi-weekly)  
   (\$471.25 if paid semi-monthly)  
   (\$942.50 if paid monthly)  
   (\$2,827.50 if paid quarterly)
8. \_\_\_\_\_ Line 6 minus line 7

The amount to be garnished is the **lesser of line 5 or line 8** for each pay period. If either line 5 or line 8 is zero or less, send no money and return the levy notice to the department with a note of explanation.

The maximum amount to be garnished is the **lesser** of:

- 25% of disposable income for each pay period, or
- the amount of disposable earnings for that pay period which exceed 30 times the federal minimum hourly wage (currently \$7.25 per hour). 29 USC Sec. 206(a)(1).

Mail a copy of the completed form with your remittance, if applicable, or any other necessary information to Montana Department of Revenue, PO Box 6309, Helena, MT 59624-6309.

Please retain a copy of this form for your records.

Employee Name: \_\_\_\_\_

Employee ID#: \_\_\_\_\_