Effective date:

Name of the employee

Address

**Subject: Salary deduction due to loan**

This letter is being written to inform you that the company has decided to deduct your salary due to the money that you have been loaned as per the agreement with you. According to the agreement, you are supposed to pay the loaned money back to the company within one year. However, if you cannot pay, the company will have the right to deduct 5% of your salary every month to make up for the money that you have been given as a loan.

If you don’t want to pay off the loan through your salary deduction, please write us back and let us know that when and how you want to pay us back and what alternate method you have in your mind for clearing the loan. We will look forward to your reply.

Regards,

Name of the recipient

Designation of the recipient

Signatures:

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