



# What to do if your employee is sick

E14(2006)

Employer Helpbook

## *Includes*

- Basic guide to Statutory Sick Pay
- Statutory Sick Pay Rates
- Statutory Sick Pay Tables

Use for days sick from 6 April 2006  
to 5 April 2007 inclusive

## Help and further guidance

Help and further guidance about tax and National Insurance contributions (NICs) is available from the following sources:

### The Internet

Log on to the HM Revenue & Customs (HMRC) website at [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers)

### Your Employer CD-ROM

Your Employer CD-ROM contains forms you can complete on screen. There is

- a **P11 Calculator** that you can save on screen. It works out the amount of tax and NICs due
- a P11D to help you report benefits in kind.

It has built-in calculators to help you work out:

- PAYE tax and NICs
- Car benefit and Car Fuel benefit
- Statutory Payments.

There is a Learning Zone to help you understand topics such as Statutory Maternity Pay, Statutory Paternity Pay and Student Loan deductions.

You will find a section designed to help new and less experienced employers understand what to do when employing someone for the first time.

### By telephone

(We may record calls for quality and training purposes.)

New and inexperienced employers **0845 60 70 143**  
Monday to Friday 08.00 - 20.00  
Saturday and Sunday 08.00 - 17.00

More experienced employers **0845 7 143 143**  
Monday to Friday 08.00 - 20.00  
Saturday and Sunday 08.00 - 17.00

For enquiries about our Online services **0845 60 55 999**  
Monday to Friday 08.00 - 22.00  
Saturday and Sunday 10.00 - 18.00

Employers with hearing difficulties  
Textphone **0845 602 1380**

You must have specialised equipment such as Minicom to use this service.

A full list of Helplines and opening hours is in your *Employer Bulletin* and on our website at [www.hmrc.gov.uk/contactus/helplines.htm](http://www.hmrc.gov.uk/contactus/helplines.htm)

### In person

We have Business Support Teams countrywide who will help you understand

- what records to keep
- what returns to make
- when to send us information
- online filing and electronic payments.

We offer a range of **free** workshops on many topics relevant to employers.

For more information on the workshops and other ways that the Business Support Teams may help

- log on to our website at [www.hmrc.gov.uk/bst](http://www.hmrc.gov.uk/bst) or
- call the New Employer Helpline on **0845 60 70 143** and ask for details of your local Business Support Team.

### Your HM Revenue & Customs office

Your own HM Revenue & Customs office can also help you. All our office contact details are on our website at [www.hmrc.gov.uk/local/employers/index.htm](http://www.hmrc.gov.uk/local/employers/index.htm)

Please tell us your Employer reference which is on correspondence from your HM Revenue & Customs office.

If your enquiry is about one of your employees, you must tell us their National Insurance number.

### Employer Helpbooks

Our Employer Helpbooks are designed to help you understand and operate PAYE, NICs and other payroll related matters.

The Helpbooks are for guidance only, they are not comprehensive and have no legal force.

We also have many other leaflets and booklets that give further guidance, for example

- CWG2(2006), *Employer Further Guide to PAYE and NICs*
- CWG5(2006), *Class1A NICs on benefits in kind*
- 480(2006), *Expenses and Benefits - a tax guide.*

You can view, download and print the full range of Helpbooks, booklets and other forms and guidance from

- the Internet - log on at [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers)
- your Employer CD-ROM.

Or you can get copies from the Employer Orderline in one of three ways:

- log on to our website at [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers)
- fax **0870 2 406 406**
- phone **0845 7 646 646**

### Forms and guidance in Braille, large print and audio

For details of employer forms and guidance in Braille, large print or audio call the Employer Orderline on **0845 7 646 646** and ask to speak to the Customer Service Team.

### Yr Iaith Gymraeg

Ffoniwch **0845 302 1489** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

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This Helpbook does not cover all the law and details of Statutory Sick Pay (SSP). The Helpbook contains only what most employers will need to know, to help run their payroll. Other special cases and situations are shown in the Helpbook with pointers on where to go for more information or help. Most of this is contained in the *Employer's Helpbook, E14 (Supplement) (2006) What to do if your employee is sick - Special cases*

## Further information

### Help for employees

Employees (and employers) can

- go to [www.hmrc.gov.uk/leaflets/ssp/html](http://www.hmrc.gov.uk/leaflets/ssp/html)
- contact any HM Revenue & Customs office
- contact any Advisory, Conciliation and Arbitration Service (ACAS) office or visit their website at [www.acas.org.uk](http://www.acas.org.uk), or
- go to [www.dwp.gov.uk](http://www.dwp.gov.uk)

for more information about their SSP entitlement and employment rights.

### Employees and Employers in Northern Ireland

Arrangements in Northern Ireland are basically the same as in Great Britain, but there are differences in detail

- Northern Ireland has its own legislation covering SSP.
- The Incapacity Benefit Branch, Castle Court, Belfast deals with incapacity claims, their telephone number is **Belfast (028) 90 336000**.
- Guidance on employment law is covered by the Labour Relations Agency. For more information, visit their website at [www.lra.org.uk](http://www.lra.org.uk)

## Terms and Abbreviations

### **Incapacity Benefit (IB)**

A social security benefit for people who are incapable of work because of an illness or disability, and who are not entitled to SSP, or have already had all the SSP they are entitled to.

### **Linking**

Periods of Incapacity for Work (PIWs) are linked and treated as one PIW if the gap between them is eight weeks or less. The tables on pages 9-12 of this Helpbook will help you decide if PIWs are linked.

### **Linking letters, forms BF220, BF220A, BF220B and BF220C as a Welfare to Work Beneficiary**

Jobcentre Plus give these forms to people who have recently received benefit. You will need to ask your new employees who go sick for four or more days in a row in the first fifty two weeks after they start, or return to work for you, if they were given one of these forms.

If they say they do not have one of these forms but you think they may have been getting IB from DWP in the last 52 weeks you should check with their local Jobcentre Plus to see if they are entitled to receive SSP, see page 4 about changes to this

### **Lower Earnings Limit (LEL)**

This is the minimum level of earnings that employees need to qualify for benefits, such as State Pension and Jobseekers Allowance.

It is also the level that employee's average weekly earnings must reach in a specific period, for them to get SSP. See page 13 under 'Does your employee earn enough' for how to work out average weekly earnings. For 2006-07 the LEL is £84.00 weekly.

### **National Insurance contributions (NICs)**

Most people who work have to pay NICs.

Employees who pay Class 1 NICs can, or could if their earnings were high enough, be entitled to SSP.

### **Percentage Threshold Scheme (PTS)**

The scheme under which an employer may be able to recover some, or all, of the SSP he has paid to his employees in a tax month.

### **Period of Incapacity for Work (PIW)**

A period of sickness lasting at least four or more days in a row.

All days of sickness count towards the total number of days, even non working days. If there are less than four consecutive days there is no PIW and you need take no action.

To check if an employee's PIW links with a previous PIW, see pages 9-12.

### **Qualifying Days (QDs)**

The only days you can

- pay SSP for, and
- count as Waiting Days (WDs).

They are usually the days of the week your employee normally works; their contracted working days.

You can decide not to use the contracted working days if, for example, your workforce operates a varied work pattern each week. For simplicity you may want to have the same days each week as the QDs, but you must first reach agreement with your workforce or their representative(s) about which days will be QDs.

There must be at least one QD in each week running from Sunday to Saturday. Bank Holidays and other non-working days do not alter the normal pattern of QDs.

### **Statutory Sick Pay (SSP)**

A measure of earnings replacement for employees who are off work sick.

Employers are liable to pay this to all their employees who satisfy all the qualifying conditions when they are off work sick.

### **Waiting Days (WDs)**

SSP is not payable for the first three QDs in a PIW. These are called Waiting Days (WDs).

They are not always the first three days of sickness as the employee may have been sick on non QDs.

Where PIWs are linked and all three WDs have been served in the first PIW, there will be no WDs in any later linked spells of sickness.

But, if all three WDs have not been served in the first PIW, any remaining WDs must be served at the beginning of the next linked PIW or series of linked PIWs.

### **Week**

For working out SSP entitlement and payment, a week is a period of seven days starting on Sunday and ending on Saturday.

## What's new - Changes and additions from 6 April 2006

The weekly rate of Statutory Sick Pay (SSP) for days of sickness from 6 April 2006 is £70.05

### Statutory Sick Pay daily rates table

The daily rate of SSP is the weekly rate divided by the number of agreed Qualifying Days (QDs) in that week. For SSP purposes the week always begins with a Sunday. The amount payable that week is the daily rate multiplied by the number of QDs the employee is sick in that week, not including Waiting Days (WDs).

#### How to use this table to work out how much to pay

An employee is sick for one week, from Sunday to Friday. The QDs in that week are Monday to Friday.

The first three QDs, Monday to Wednesday, are WDs and SSP is not payable for those days so you need only pay SSP for Thursday and Friday.

There are five QDs in the week, so find '5' in the 'Number of QDs in week' column.

You have to pay SSP for two days so move across to the column headed by '2'. This gives an amount of £28.02 so that is how much SSP you must pay.

### Daily rates table for days of sickness from 6 April 2006 to 5 April 2007

Unrounded daily rates*	Number of QDs in week	Number of days due						
		1	2	3	4	5	6	7
£		£	£	£	£	£	£	£
10.0071	7	10.01	20.02	30.03	40.03	50.04	60.05	70.05
11.6750	6	11.68	23.35	35.03	46.70	58.38	70.05	
14.0100	5	14.01	28.02	42.03	56.04	70.05		
17.5125	4	17.52	35.03	52.54	70.05			
23.3500	3	23.35	46.70	70.05				
35.0250	2	35.03	70.05					
70.0500	1	70.05						

\*Unrounded daily rates are shown for employers with computerised Payroll Systems.

### New definition of 'employee' from 1 October 2006 and Removal of Age Limits

From 1 October 2006, 'employee' will include all persons aged under 16 and over age 65.

This change complies with an EC ruling on age discrimination. Details of how to apply the changes will be published in an Employer Bulletin and on HM Revenue & Customs website as soon as the full operational effects of the changes are available.

### New 104 week link with IB planned from 9 October 2006

Subject to Parliamentary approval, changes are proposed to Incapacity Benefit (IB) legislation to extend the current 52 weeks linking for some customers to 104 weeks. From 9 October, a customer who had or has a BF220 series letter will be entitled to return to IB if they are sick within 104 weeks of their last payment of benefit. As they will be in a period of entitlement to IB they will be excluded from SSP.

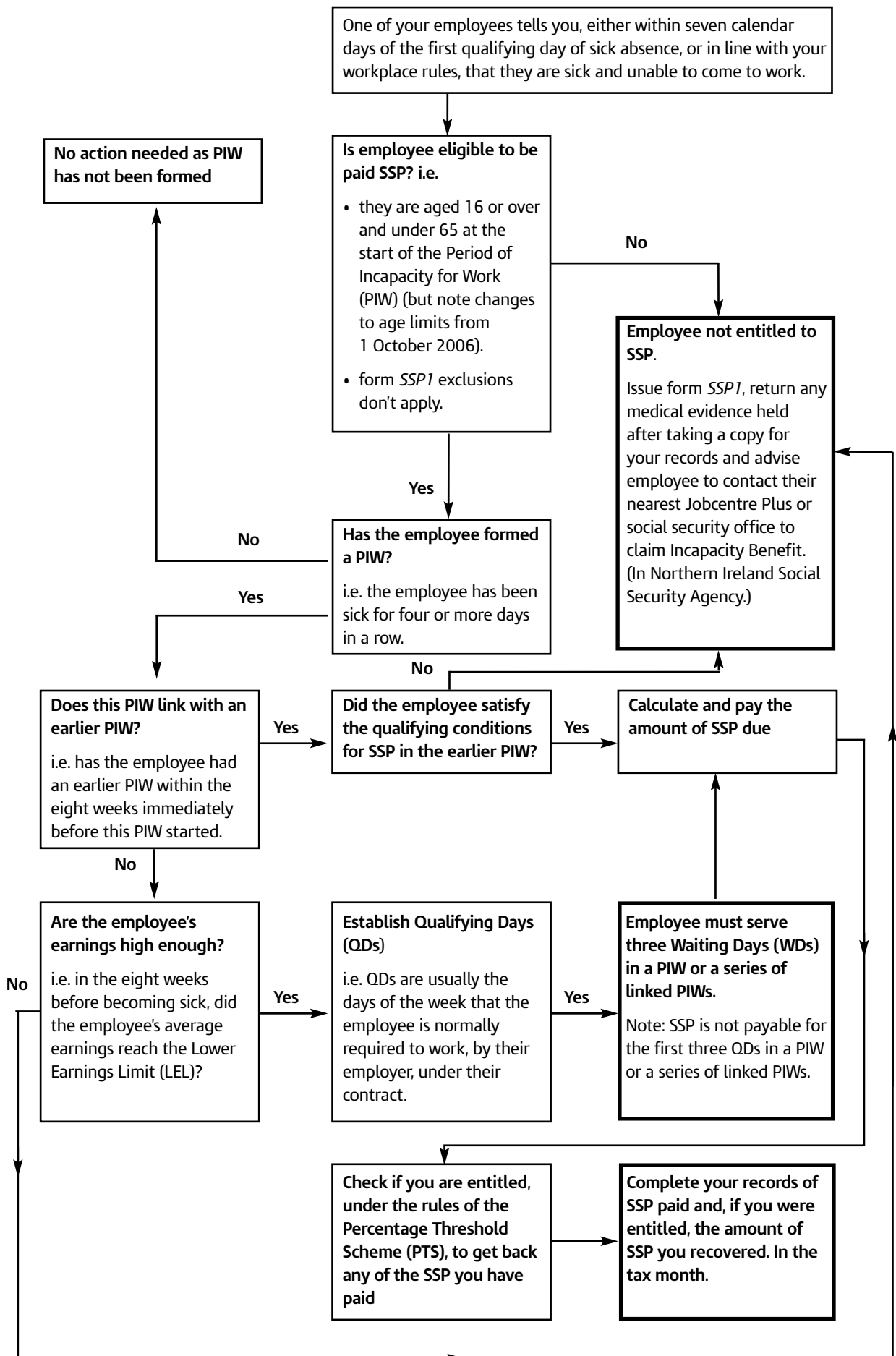
### Statutory Sick Pay calculator

There is now a Statutory Sick Pay calculator available on our website - go to [www.hmrc.gov.uk/calcs/ssp.htm](http://www.hmrc.gov.uk/calcs/ssp.htm)

The calculator will help you work out if your employee is entitled to SSP and if so, give you a schedule of the weekly payments you should make.

It will also help you work out if you are entitled to recover any of the SSP you have paid to all your employees in each tax month.

# Operating the Statutory Sick Pay Scheme - Flowchart



## Forms you may need to use

### SSP2 (SSP record sheet)

An optional form designed to help employers keep the records required by law and those which you are recommended to keep

- all dates of sickness lasting four or more days in a row, (PIWs) reported by your employees
- all payments of SSP you make during a PIW
- dates for which you did not pay SSP and why you did not pay it
- copies of medical evidence.

See page 20 for more information about record keeping.

### SC2 (Employee self certification form)

Can be used by employees to certify themselves as sick for the first seven days of sickness for SSP purposes.

You can use your own self-certificate if you prefer.

### SSP1 ('change over' form)

You must give this to your employee only if they cannot get SSP from you. Fill in this form, or your own computerised version together with a blank SSP1, and send it to your employee if

- they have been sick for more than four or more days in a row and are not entitled to SSP from you, or
- their entitlement to SSP stops, but they are still sick.

### SSP1(L) (Leaver's statement)

You must issue this to your employee if

- they ask you for it when they leave their employment with you, and
- you paid them any SSP during the eight weeks before they stopped working for you.

## Conditions of entitlement

Covering

- 1 Telling you they are sick
- 2 How long has your employee been sick?
- 3 Linking Periods of Incapacity for Work (PIWs)
- 4 Does your employee earn enough?
- 5 When and what medical evidence your employee should give you?

## General

### Who is an employee and who is an employer?

#### Employee

Up to 30 September 2006, an employee is a person whose earnings attract liability for employee's primary and employers' secondary Class 1 NICs, or would if they were high enough.

From 1 October 2006 an employee is a person whose earnings attract liability for employee's primary and employer's secondary Class 1 NICs, or would but for their age and level of earnings.

Employees include office holders, for example, police officers, Members of Parliament, the judiciary and some company directors.

People who are treated as employed earners for Class 1 NICs liability, for example, agency workers, are also employees. For more about agency workers see the Employer Helpbook, E14 (Supplement).

#### Employer

Up to 30 September 2006, whoever is liable to pay the employer's secondary Class 1 NICs is the employer. There does not have to be a written contract.

From 1 October 2006, whoever is liable to pay the employer's secondary Class 1 NICs, or would be but for the employee's age and level of earnings, is the employer.

If you are not sure who is an employee and who is an employer for pay, contact your nearest HM Revenue & Customs office for advice.

### What do I have to do?

An employee must satisfy a number of qualifying conditions to be entitled to SSP from you. The following guidance and tables will help you decide if they are entitled. You, as the employer, must decide if SSP is payable and how much you are liable to pay. The Employer Helpline can give you advice but cannot make a decision for you.

#### Opting out from operating the SSP scheme

If you pay wages or occupational sick pay to your employee at a rate equal to, or more than the rate of SSP for the same days that SSP is due, then you can choose to opt out from fully operating the SSP scheme. But you still have to keep some records because your employees will still have underlying SSP entitlement.

See page 20 for more information about keeping records.

### What does my employee have to do?

Tell you that they are sick, within the time allowed, see below.

### Telling you they are sick

#### Terms and conditions 1

An employee telling you they are sick is the starting point for SSP, it is not evidence of incapacity, it is simply your employee letting you know why they are off work. If they notify you by letter it must be treated as received on the day it was posted. If you cannot tell the date it was posted, assume it was posted two days before the date it was received, or three days if it is received on Monday or Tuesday, but you must make allowances for public holidays and any known local variations in postal arrangements.

You can make your own rules about when and how your employee should notify sickness for your own purposes. You must tell your employees your rules for notification in advance.

### Employee tells you

For SSP purposes, you **cannot** insist that your employee notifies you

- in person
- earlier than the first QD in a spell of sickness
- by a fixed time on the first QD
- more often than once a week during the sickness
- on a special form
- on a medical certificate.

If you wish, you can make one set of rules for the first notification in a spell of sickness and another, perhaps less strict, set of rules for the second and following notifications in the same spell of sickness.

If you don't make your own rules, regulations say that your employee, or their representative(s), must tell you of any date they are unfit for work no later than seven calendar days after that day.

### Employee doesn't tell you

If your employee doesn't notify you of sickness absence within

- the time you fixed, bearing in mind the previous paragraph, or
- seven calendar days of the first day of incapacity, **and**

- if you consider that there was good cause for delay, you must accept that the notification was given correctly if it is given
  - within one calendar month of the time you specify, or of the seven day period after the relevant day(s) of incapacity, or
  - up to 91 days after the relevant day(s) of incapacity, if you are satisfied that it was not reasonably practicable for the employee to notify you within the calendar month.

## Withholding payment for late notification

You can withhold payment of SSP for the period of the delay if the notification is given outside these time limits and you do not accept there was good cause for delay. If you decide to withhold payment you should treat the date of the late notification as the first day of sick absence.

### How long has your employee been sick?

#### Terms and conditions 2

They must be off work sick for four or more days in a row to be able to get SSP from you. But if your employee has been sick for four or more days in a row and sick absence continues but they are not entitled to SSP, you must complete form SSP1, or your own computerised version, so that they can claim Incapacity Benefit (IB) from their Jobcentre Plus or social security office.

### Linking Periods of Incapacity for Work

#### Terms and conditions 3

Where a Period of Incapacity for Work (PIW) is separated from an earlier PIW by eight weeks, (that is 56 days), or less, the two absences 'link' and are treated as one PIW.

A PIW must always be formed before there can be a link, that is your employee must be sick for at least four or more days in a row.

Odd days of sickness do not form a PIW and cannot link.

The tables on pages 9-12 will help you work out if your employee's PIWs link.

## Employees who can't get SSP from you

If any of these exclusions apply to your employee they are not entitled to SSP and you must give them form SSP1

If they:

- 1 are not sick for four, or more, days in a row
- 2 always earn less than £84.00 a week, but see pages 13 to 15 for how to work out earnings for SSP purposes
- 3 are within the 18/26 week exclusion (maternity pay period) period due to pregnancy or recently having had a baby. See E14 (Supplement) Special cases for more details.
- 4 have already had 28 weeks worth of SSP from you and this new spell of sickness links to their last one

- 5 were not entitled to SSP the last time they were sick, for any reason, and this spell of sickness links to that one
- 6 were getting IB from DWP within the last 8 weeks, or
- 7 started or returned to work for you after getting IB from DWP **and**

they are a Welfare to Work beneficiary who is sick within the first 52 weeks (104 weeks from 9 October 2006, subject to Parliamentary approval) of starting, or returning to, work for you. See the Employer Helpbook E14 (Supplement) under 'Welfare to work beneficiaries' for more information.

- 8 are away from work for compassionate reasons, but are not personally incapable of work.
- 9 are aged under 16 or over 65 on or before 30 September 2006. From 1 October 2006 employees will no longer be excluded from SSP entitlement because of their age.

### Special cases

For everything listed below use the *Employer Helpbook, E14 (Supplement)*. If in doubt call the Employer Helpline on **0845 7 143 143**

- NHS Employees
- When Trusts merge
- Welfare to work beneficiaries

# Tables for linking Periods of Incapacity for Work for Statutory Sick Pay

Terms and conditions 3 *continued*

## How to use these tables

For example, say your employee has a PIW beginning 15 June 2006. To find out if this PIW links with a previous one, go to the June column and find 15 in the column 'First day of PIW'. Now move across to the next column 'Previous PIW links if on or after' to find the date in line with 15 June. This date is 19 April 2006. If your employee had an earlier PIW and the last day of that PIW was on or after the 19 April 2006 the PIWs link.

You can now use the CD-ROM SSP calculator to help you work out SSP payments, or for the Internet calculator go to [www.hmrc.gov.uk/calcs/ssp.htm](http://www.hmrc.gov.uk/calcs/ssp.htm)

April 2006	
First day of PIW	Previous PIW links if on or after
6	08/02/06
7	09/02/06
8	10/02/06
9	11/02/06
10	12/02/06
11	13/02/06
12	14/02/06
13	15/02/06
14	16/02/06
15	17/02/06
16	18/02/06
17	19/02/06
18	20/02/06
19	21/02/06
20	22/02/06
21	23/02/06
22	24/02/06
23	25/02/06
24	26/02/06
25	27/02/06
26	28/02/06
27	01/03/06
28	02/03/06
29	03/03/06
30	04/03/06

May 2006	
First day of PIW	Previous PIW links if on or after
1	05/03/06
2	06/03/06
3	07/03/06
4	08/03/06
5	09/03/06
6	10/03/06
7	11/03/06
8	12/03/06
9	13/03/06
10	14/03/06
11	15/03/06
12	16/03/06
13	17/03/06
14	18/03/06
15	19/03/06
16	20/03/06
17	21/03/06
18	22/03/06
19	23/03/06
20	24/03/06
21	25/03/06
22	26/03/06
23	27/03/06
24	28/03/06
25	29/03/06
26	30/03/06
27	31/03/06
28	01/04/06
29	02/04/06
30	03/04/06
31	04/04/06

June 2006	
First day of PIW	Previous PIW links if on or after
1	05/04/06
2	06/04/06
3	07/04/06
4	08/04/06
5	09/04/06
6	10/04/06
7	11/04/06
8	12/04/06
9	13/04/06
10	14/04/06
11	15/04/06
12	16/04/06
13	17/04/06
14	18/04/06
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17	21/04/06
18	22/04/06
19	23/04/06
20	24/04/06
21	25/04/06
22	26/04/06
23	27/04/06
24	28/04/06
25	29/04/06
26	30/04/06
27	01/05/06
28	02/05/06
29	03/05/06
30	04/05/06

July 2006	
First day of PIW	Previous PIW links if on or after
1	05/05/06
2	06/05/06
3	07/05/06
4	08/05/06
5	09/05/06
6	10/05/06
7	11/05/06
8	12/05/06
9	13/05/06
10	14/05/06
11	15/05/06
12	16/05/06
13	17/05/06
14	18/05/06
15	19/05/06
16	20/05/06
17	21/05/06
18	22/05/06
19	23/05/06
20	24/05/06
21	25/05/06
22	26/05/06
23	27/05/06
24	28/05/06
25	29/05/06
26	30/05/06
27	31/05/06
28	01/06/06
29	02/06/06
30	03/06/06
31	04/06/06

August 2006	
First day of PIW	Previous PIW links if on or after
1	05/06/06
2	06/06/06
3	07/06/06
4	08/06/06
5	09/06/06
6	10/06/06
7	11/06/06
8	12/06/06
9	13/06/06
10	14/06/06
11	15/06/06
12	16/06/06
13	17/06/06
14	18/06/06
15	19/06/06
16	20/06/06
17	21/06/06
18	22/06/06
19	23/06/06
20	24/06/06
21	25/06/06
22	26/06/06
23	27/06/06
24	28/06/06
25	29/06/06
26	30/06/06
27	01/07/06
28	02/07/06
29	03/07/06
30	04/07/06
31	05/07/06

September 2006	
First day of PIW	Previous PIW links if on or after
1	06/07/06
2	07/07/06
3	08/07/06
4	09/07/06
5	10/07/06
6	11/07/06
7	12/07/06
8	13/07/06
9	14/07/06
10	15/07/06
11	16/07/06
12	17/07/06
13	18/07/06
14	19/07/06
15	20/07/06
16	21/07/06
17	22/07/06
18	23/07/06
19	24/07/06
20	25/07/06
21	26/07/06
22	27/07/06
23	28/07/06
24	29/07/06
25	30/07/06
26	31/07/06
27	01/08/06
28	02/08/06
29	03/08/06
30	04/08/06

October 2006	
First day of PIW	Previous PIW links if on or after
1	05/08/06
2	06/08/06
3	07/08/06
4	08/08/06
5	09/08/06
6	10/08/06
7	11/08/06
8	12/08/06
9	13/08/06
10	14/08/06
11	15/08/06
12	16/08/06
13	17/08/06
14	18/08/06
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18	22/08/06
19	23/08/06
20	24/08/06
21	25/08/06
22	26/08/06
23	27/08/06
24	28/08/06
25	29/08/06
26	30/08/06
27	31/08/06
28	01/09/06
29	02/09/06
30	03/09/06
31	04/09/06

November 2006	
First day of PIW	Previous PIW links if on or after
1	05/09/06
2	06/09/06
3	07/09/06
4	08/09/06
5	09/09/06
6	10/09/06
7	11/09/06
8	12/09/06
9	13/09/06
10	14/09/06
11	15/09/06
12	16/09/06
13	17/09/06
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19	23/09/06
20	24/09/06
21	25/09/06
22	26/09/06
23	27/09/06
24	28/09/06
25	29/09/06
26	30/09/06
27	01/10/06
28	02/10/06
29	03/10/06
30	04/10/06

December 2006	
First day of PIW	Previous PIW links if on or after
1	05/10/06
2	06/10/06
3	07/10/06
4	08/10/06
5	09/10/06
6	10/10/06
7	11/10/06
8	12/10/06
9	13/10/06
10	14/10/06
11	15/10/06
12	16/10/06
13	17/10/06
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19	23/10/06
20	24/10/06
21	25/10/06
22	26/10/06
23	27/10/06
24	28/10/06
25	29/10/06
26	30/10/06
27	31/10/06
28	01/11/06
29	02/11/06
30	03/11/06
31	04/11/06

<b>January 2007</b>	
<b>First day of PIW</b>	<b>Previous PIW links if on or after</b>
1	05/11/06
2	06/11/06
3	07/11/06
4	08/11/06
5	09/11/06
6	10/11/06
7	11/11/06
8	12/11/06
9	13/11/06
10	14/11/06
11	15/11/06
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20	24/11/06
21	25/11/06
22	26/11/06
23	27/11/06
24	28/11/06
25	29/11/06
26	30/11/06
27	01/12/06
28	02/12/06
29	03/12/06
30	04/12/06
31	05/12/06

<b>February 2007</b>	
<b>First day of PIW</b>	<b>Previous PIW links if on or after</b>
1	06/12/06
2	07/12/06
3	08/12/06
4	09/12/06
5	10/12/06
6	11/12/06
7	12/12/06
8	13/12/06
9	14/12/06
10	15/12/06
11	16/12/06
12	17/12/06
13	18/12/06
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16	21/12/06
17	22/12/06
18	23/12/06
19	24/12/06
20	25/12/06
21	26/12/06
22	27/12/06
23	28/12/06
24	29/12/06
25	30/12/06
26	31/12/06
27	01/01/07
28	02/01/07

<b>March/April 2007</b>	
<b>First day of PIW</b>	<b>Previous PIW links if on or after</b>
1	03/01/07
2	04/01/07
3	05/01/07
4	06/01/07
5	07/01/07
6	08/01/07
7	09/01/07
8	10/01/07
9	11/01/07
10	12/01/07
11	13/01/07
12	14/01/07
13	15/01/07
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22	24/01/07
23	25/01/07
24	26/01/07
25	27/01/07
26	28/01/07
27	29/01/07
28	30/01/07
29	31/01/07
30	01/02/07
31	02/02/07
1	03/02/07
2	04/02/07
3	05/02/07
4	06/02/07
5	07/02/07

## Does your employee earn enough?

### Terms and conditions 4

### What counts as earnings?

You must include all earnings actually paid and subject to Class 1 NICs in the 'set period' in the total earnings figure.

For all PIWs starting on, or before, 30 September 2006, average weekly earnings should include all earnings that attract a Class 1 NIC liability or would if they were high enough.

For PIWs starting on, or after 1 October 2006, average weekly earnings should include all earnings that attract a Class 1 NIC liability, or would but for the person's age or the level of their earnings.

This does not usually include earnings that attract Class 1A NICs, paid on company benefits or Class 1B NICs, paid on PAYE Settlement Agreements. Working Tax Credit paid with earnings prior to 6 April 2006 and Child Tax Credit do not count as earnings.

If, on any pay day, the employee was not due any pay, for example they were on unpaid leave, the period over which the calculation is made remains the same and blank weeks are included.

### When to include earnings from PAYE Settlement Agreements and subject to Class 1B NICs

If an employee does not qualify because their average weekly earnings in the 'set period' are less than the LEL, you must check whether they received any benefits or expenses, which would otherwise have attracted Class 1 NIC liability, within the 'set period', but were subject to a PAYE Settlement Agreement and Class 1B NICs.

If they did, you must recalculate their average weekly earnings to include these expenses and/or benefits, on which Class 1B NICs were paid, to see if they qualify.

### Over/underpaid earnings during the set period

Calculation of average weekly earnings is always based on all earnings actually paid to the employee within the set period, regardless of any over or underpaid wages in that period.

So where over or under payments of wages occur within the set period, they are treated in the same way as all other earnings paid in that period for calculating average weekly earnings to decide if SSP is due.

### Mistimed payments

Mistiming only applies to regular payments of earnings that have a normal or contractual pay day. Other payments of earnings made within the 'set period', such as bonus or commission payments, are not affected unless they have a contractual pay day.

Divide the payments by the number of weeks covered by the payments, rather than the number of weeks in the 'set period', if

- an employee is paid weekly or in multiples of weeks, and
- a normal payment has been made early, or late, so that the 'set period'
  - contains more, or less, than eight weeks' pay, or
  - is not an exact number of weeks.

### Multiple or changed pay frequency in the set period

Where, for example, an employee normally has both weekly and monthly pay days or they change from weekly to monthly paid within the 'set period', the average (unrounded figure) in each frequency is calculated separately then added together to get the total average weekly earnings.

#### Special cases

For everything listed below use the *Employer Helpbook, E14 (Supplement)*. If in doubt call the Employer Helpline on **0845 7 143 143**

For employees/workers who:

- are weekly paid, receiving regular payment earlier or later than normal
- are paid at irregular intervals
- are new employees
- are weekly paid without a whole number of weeks in the set earnings period
- are agency workers, supply teachers, seasonal workers or have other sporadic employment
- have changed employer - in the set earnings period - during a PIW
- are directors
- have more than one job with you or with you and an employer who is trading in association with you
- work abroad.



## Does your employee earn enough?

### Terms and conditions 4 *continued*

To get SSP an employee must have average weekly earnings of at least £84.00 in the period of at least eight weeks before the first day they are off work sick.

## Weekly or multiple weekly paid employees - How to work out average weekly earnings

To work out average weekly earnings you must

- always use the set period - worked out using the check sheet
- only include earnings paid in the set period..

### Weekly paid – check sheet for working out average weekly earnings

**To work out average weekly earnings for employees paid weekly or in multiples of a week, eg weekly, fortnightly, three weekly or other multiple weekly**

1 Note first day of PIW

2 Find the date of the last normal pay day before the first day your employee was sick.  
**This is the last day of the set period.**

3 Count back to the pay day that is at least eight weeks before the date in 2 and come forward one day, for example 25 August becomes 26 August.  
**This is the first day of the set period.**

4 Add together all the earnings paid between the dates in 3 and 2 (inclusive).

£	
---	--

5 Divide the figure in 4 by the number of whole weeks in the set period.  
**(Don't round up or down to whole pence, use the unrounded figure to decide if the employee's average earnings are high enough.)**

£	
---	--

## Calendar monthly paid employees - how to work out average weekly earnings

To work out average weekly earnings you must

- convert monthly pay into an average weekly amount
- always use the set period - worked out using the check sheet
- only include earnings paid in the set period..

### Calendar monthly paid – check sheet for working out average weekly earnings

**To work out average weekly earnings for employees paid calendar monthly**

1 Find the date of the last normal pay day before the first day your employee was sick.  
**This is the last day of the set period.**

2 Find the date of the pay day at least eight weeks back from the date in 1 and come forward one day, for example if the pay day date is 22 June, this becomes 23 June  
**This is the first day of the set period.**

3 Add together all the earnings paid between the dates in 2 and 1 (inclusive).  
If there are more or less than two payments in the period - see Employer Helpbook E14 (Supplement) for what to do.

£	
---	--

4 Multiply the figure in 3 by 6.

£	
---	--

5 Divide the figure in 4 by 52. **(Don't round up or down to whole pence, use the unrounded figure to decide if the employee's average earnings are high enough.)**

£	
---	--

# When and what medical evidence should your employee give you?

## Terms and conditions 5

### Evidence of incapacity for work

You must tell your employees what you expect them to give you as evidence of incapacity for SSP purposes and when you expect them to give it. You can't withhold SSP for late receipt of medical evidence but you can for late notification of sickness.

They can use form SC2 for self-certification, or your own equivalent form, for spells of sickness lasting four to seven days.

After that you can ask for reasonable medical evidence but can only ask for a doctor's statement after the first seven days in a spell of sickness. You can then ask for regular doctor's statements to cover the balance of the sick absence.

Remember a doctor's statement is strong evidence of incapacity and should usually be accepted as conclusive unless there is more compelling evidence to the contrary.

You may also find that your employee gives you certificates from someone who is not a registered medical practitioner, such as

- Osteopaths
- Chiropractors
- Christian scientists
- Herbalists
- Acupuncturists

You should consider such certificates on their own merits. It is for you to decide whether or not you accept this evidence. If you have any doubts you can still ask for a doctor's statement.

If you have strong doubts about your employee's sickness but don't have access to your own 'works' doctor, you can ask HM Revenue & Customs to arrange for your employee to be medically examined by their medical services provider.

The medical services report will give an opinion on your employee's fitness for work in their job with you. This will help you to decide if the employee is incapable of work in their job with you or not.

You can also use this service where the employee has been repeatedly off sick for four to seven days in a relatively short period.

For more information about using HM Revenue & Customs medical services see under 'Control of sick absence' in the Employer Helpbook E14 (Supplement).

### Special cases

For everything listed below use the Employer Helpbook, E14 (Supplement). If in doubt call the Employer Helpline on **0845 7 143 143**.

- Control of sick absence
- Deemed incapacity
- Night shift workers
- Precautionary reasons
- Infectious disease
- Convalescence
- Bereavement
- Therapeutic or Permitted work

# Paying Statutory Sick Pay

## General

SSP is paid at the same time and in the same way as you would pay wages for the same period.

A full week for SSP purposes begins with a Sunday and ends at midnight the following Saturday.

SSP must be paid for all periods of entitlement regardless of whether or not earnings would normally be due for the same period.

## Can I get anything back?

This will depend on your total gross Class 1 NIC liability, and the amount of SSP you have paid, in a particular tax month. Opting out of the SSP scheme does not prevent you from recovering SSP if you qualify. For more information about Recovering Statutory Sick Pay see page 19.

## Start of Payment

Once you have decided that your employee has satisfied the qualifying conditions, which are that the employee:

- is aged 16 or over and under 65 (but see page 4 for details of changes to age limits from 1 October 2006)
- has done some work for you under their contract
- has notified you of sickness in time
- has been sick for four or more days in a row
- has had average weekly earnings of at least £84.00 within the last eight weeks before the start of this spell of sick absence. Then you can start paying SSP.

## How much do I pay?

You should now work out how much SSP they are due and pay it on the same day that you would normally pay their wages for the same period.

You only pay SSP for Qualifying Days (QDs). These are usually the days your employee normally works for you.

You never pay SSP

- for Waiting Days (WDs) (the first three QDs of the PIW).
- If only two WDs have been served in the first PIW then one more must be served in the second PIW if it links with the first one.

You usually pay SSP

- from the fourth QD in a PIW or
- from and including the first QD of the second PIW if the PIW links to an earlier PIW and the WDs have been served. The WDs do not have to be served again

You pay a maximum of 28 weeks in a PIW or series of linked PIWs. You can work out when you will have paid 28 weeks' worth of SSP by keeping a running total of all SSP paid in a PIW or in a series of linked PIWs. You can use form SSP2 for this.

So the maximum you can pay is 28 times the appropriate weekly rate in any linked or unlinked PIW.

The daily rates table on page 4 gives you the daily, or multiple daily rate of SSP, also guidance on and an example of how to use them.

## Manner of payment

You should normally pay SSP at the same time and in the same way as you pay earnings for the same days. But if you pay in cash you will need to ensure that you have arrangements in place so that sick employees get their SSP payment on their normal pay day.

You cannot pay SSP

- in kind
- as board and lodging
- by way of service.

## Deductions from SSP

You treat SSP just like pay, so you must make deductions for PAYE and NICs. Any other deductions which you lawfully make from pay can also be made from SSP, for example pension contributions, student loan deductions and attachment of earnings orders.

## Offsetting SSP against employee's pay

Pay means any earnings, which count for NICs purposes, paid to an employee under a contract of service. For example, wages or occupational sick pay scheme payments. You can offset contractual earnings payments against the SSP you have to pay for the same day(s) so long as you pay earnings of at least the daily SSP rate due for each QD. You do not need to pay SSP on top of these payments unless you wish to do so.

If a payment of SSP and a contractual payment are due for different days, they cannot be offset against each other.

If you pay contractual pay, which amounts to more than any SSP entitlement, then you may be able to choose not to operate all the rules of the SSP scheme.

## Opting out from fully operating the SSP scheme

You can choose whether or not to operate all the rules of the SSP scheme, but only if you pay your workers contractual pay that is equal to, or more than, the SSP they are entitled to for each day of their sickness.

There is no need to apply to do this and you are free to apply it to some employees and not others, or to some periods of sickness and not others.

If you choose to use this option you must still keep enough basic sick records so that you can issue forms SSP1 to employees in appropriate circumstances. For example after they have been sick for 28 weeks. See page 20 under 'keeping records' for more details.

## When do I stop paying?

### Employee returns to work for you

You usually stop paying SSP when your employee returns to work. You should work out if any SSP is still owing to them for days of sickness before they returned to work and pay it on their next normal pay day.

### Maximum 28 weeks' entitlement paid

If your employee is still off when you have paid SSP for 28 weeks, fill in form *SSP1* and send it to your employee without delay. Your employee will need to use form *SSP1* to claim Incapacity Benefit (IB).

If you know in advance that your employee will continue to get SSP for the full 28 weeks, you should issue form *SSP1* at the 23rd week to ensure there is a smooth change over to IB. If you don't know that far in advance, issue it as soon as you know 28 weeks will be reached.

### Sick employee leaves

You stop paying when a sick employee leaves your employment and you must issue form *SSP1* **without delay**. You must also issue form *SSP1(L)* if the employee requests it.

### Employee in legal custody

An employee who is in legal custody at any time on the first day of the PIW cannot get SSP for the whole of that PIW.

If they are taken into custody during a PIW your liability to pay them SSP stops and you should send them form *SSP1*. They cannot get SSP for the rest of that PIW.

Legal custody means detained, arrested or in prison. It does not include voluntarily helping the police with enquiries, serving a suspended sentence or being on bail.

### Employee involved in a trade dispute with you

If your employee is off work because of a trade dispute on the first day of the PIW they cannot get SSP unless

- they have no direct involvement in the dispute, and
- they did not take part in it at any time up to and including the first day of the PIW.

If they go sick again, for four or more days in a row, within 56 days of their return to work after the dispute, you will need to issue them form *SSP1* so they can claim IB.

If they are off sick when the trade dispute starts, they will continue to be entitled to SSP only if they take no active part in the dispute

### Employee dies

If the employee dies, SSP is due up to and including the day of death and stops from the day following their death.

Always keep a record of what you do.

Other circumstances when you stop paying are in the list of special cases on this page.

### Special cases

For everything listed below use the Employer Helpbook, E14 (Supplement). If in doubt call the Employer Helpline on **0845 7 143 143**.

- Employee is pregnant
- Insolvent and defaulting employers
- Paying people unable to act for themselves
- Agency workers
- Paternity
- Adoption

## Recovering Statutory Sick Pay

### Can I recover the SSP paid to my employees?

You may be able to recover some, or all, of the SSP you have paid. The Percentage Threshold Scheme (PTS) is designed to help employers who have a high proportion of their workforce sick at any one time so it is not restricted only to small businesses.

Unless you qualify under the PTS, you are not entitled to recover any of the SSP you pay to your employees.

### Where does the money come from?

If you can get some back, use the money you have deducted from your employees for

- PAYE tax
- Class 1 National Insurance contributions
- Student loan deductions
- Construction Industry Scheme deductions.

and the employer's share of Class 1 NICs, which you are due to pay over to HM Revenue & Customs.

You may also need to use this money to pay tax credits (until 6 April 2006) and other statutory payments, so you may not have enough money to get back all you are due in the tax month.

If not, you can use the money due next tax month to get back any balance owing. If you need the balance back more quickly see under Fast recovery from your Accounts Office on this page.

### Working out how much you can get back

Whether or not you pay your tax and NICs monthly or quarterly, you must work out any recovery separately for each tax month.

To work out if you can get back any of the SSP you have paid you need to:

- 1 Add together the SSP you have paid to all your employees in all your PAYE schemes in the tax month.
- 2 Add together your gross Class 1 NIC liability in all your PAYE schemes for the same tax month and calculate 13% of this sum. Round down any fractions of a penny at the end of this calculation.
- 3 If the amount at 1 is more than the amount at 2, you can recover the difference.

Deduct the amount you can recover from the PAYE tax, NICs, Student Loan and Construction Industry Scheme deductions that you have to pay to HM Revenue & Customs for that tax month. If the amount you can recover is more than your monthly or quarterly payment due, carry the balance over to when your next payment is due and recover it then.

#### For example

Current tax month's gross Class 1 NICs £146.55

13% of £146.55 = £19.0515 rounded down to £19.05

Total SSP paid in that tax month to all sick employees £110.35

The total SSP paid is more than the 13% NIC figure by £91.30 so you can get back that amount.

You should pay £55.25 (£146.55 - 91.30) NICs for the tax month.

### Fast recovery from your Accounts Office

If you need to recover the excess quickly, you can apply to your Accounts Office for payment at the end of the tax month in which you pay the SSP.

You can do this where, for example, your only employee is absent on sick leave so you are not liable to pay any PAYE tax or NICs in the tax month. You can ask HM Revenue & Customs to pay you the whole amount you are entitled to recover.

You should write to your Accounts Office at the address printed on the front cover of your payslip booklet, P30(BC). Tell them

- the amount of SSP that you have paid
- the amount you are entitled to recover, that is set out how you have worked out your claim for the tax month - for example

Total Class 1 NICs due for tax month=	£0.00
13% of that is	£0.00
Total SSP paid in tax month =	£136.40
Amount you are claiming back	£136.40

- that you need them to pay you this amount because you will not be able to recover it from your payments of PAYE tax and NICs in the normal way for some time and that you need the money back now.

On receipt of your written request, your Accounts Office will check your claim and arrange to send you a payment.

### Recovery for closed tax years

If you need to recover SSP payments you made in a previous closed tax year, but have not yet claimed back, you can't claim this from your Accounts Office.

You need to fill in form SP32 to get the money back. You can get the form from

- HM Revenue & Customs website, go to [www.hmrc.gov.uk/employers/fagsp32.html](http://www.hmrc.gov.uk/employers/fagsp32.html)
- your nearest HM Revenue & Customs office,
- the employer CD ROM,
- the Employer Orderline either on
  - 0845 7 646 646 or at
  - [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers)

Send the completed form to

HM Revenue & Customs  
National Insurance Contributions Office  
Employer Teams 1 & 2  
Refunds Group  
Room BP1001  
Benton Park View  
Newcastle upon Tyne  
NE98 1ZZ

## Recording recoveries

If any SSP has been recovered in any tax month enter

### **on form P11 (or your own substitute)**

the SSP paid to all employees in each tax month you made a recovery, and

### **on form P12 or P14**

the total SSP paid to all employees in all tax months that you made a recovery of SSP, and

### **on form P35 or P37**

the total amount of SSP that you recovered in the tax year.

## Keeping records and end of tax year

### Records you must keep

Employers must keep records of

- all dates of employee sickness lasting for four or more days in a row
- all payments of SSP you make during each PIW. But see below if you have opted out of fully operating the SSP rules

so that HM Revenue & Customs can check that your employees are receiving their proper SSP entitlement.

### Employers who choose to opt out

Employers who have chosen to opt out of fully operating the SSP scheme must still keep records of

- all dates of employee sickness lasting for four or more days in a row, and
- all payments of earnings or occupational sick pay (OSP) you make during each PIW for example your normal pay or OSP records

so that HM Revenue & Customs can check that your employees are receiving their proper SSP entitlement or the equivalent in earnings.

### All employers

You are required to keep enough records to complete

- form SSP1, or your own computerised version, so that your employee can claim IB, for example, when they have received, or would have if you had not opted out of fully operating the SSP scheme, the maximum 28 weeks' SSP, or

- form SSP1(L), Leavers form if asked for by the employee. They can then give it to their new employer or to their Jobcentre Plus to claim benefit, if they leave your employment within 8 weeks of their last entitlement to SSP from you.

You need to record the following details on the leavers form

- the first and last days for which SSP liability arose
- the number of weeks and days of SSP entitlement
- the days of the week that are SSP qualifying days.

All SSP that you pay must be included in gross pay. Any deductions you can lawfully make from pay can also be made from SSP.

### Form P11 (or substitute)

If you have not chosen to opt out of fully operating the SSP scheme you need, for each tax month that you pay and recover any SSP, to complete column 1f on form P11, for all employees who get SSP in that month and include the SSP in the gross pay in column 2.

### Form P14 (or substitute)

At the end of the tax year you need only record on form P14 all SSP paid to each employee for all tax months where you recovered some, or all, of that SSP.

If it is easier for you to record all SSP paid in all tax months, instead of just in the tax months where you made a recovery, you can choose to do that.

### How long to keep records

You must keep all records for at least three years after the end of the tax year to which they relate.

### Visits from HM Revenue & Customs

From time to time, our officers visit employers to see their payroll is running smoothly. If we call on you we will ask to see your SSP and/or wage records, sick absences and other related documents. If you are an employer who has opted out of fully operating the SSP scheme, we will ask to see your wage records, occupational sick records, sick absence records and other related documents.

### Records you may find useful to keep

You may find it helpful to keep the following records in case you need the information to resolve any dispute about an employee's SSP entitlement.

- All dates in any PIW for which you did not pay SSP and why you did not pay it
- Copies of medical evidence
- A note of your own rules on notification and the dates the employee notified you of sick absence
- Copies of any current decision from HM Revenue & Customs and of decisions from, or appeals to, the Tax Commissioners with a note of the date they were received or made.



# Extracts from forms P11 and P14

## Information

The extracts of forms P11, P14 and P35 shown on this and the following page are for the 2006-07 tax year. If you have to pay SSP before 6 April 2006 see Employer Helpbook E14 (2005). At the end of the tax year send the completed P14s to your HM Revenue & Customs office that deals with your PAYE. You can now send them online. For more information go to [www.hmrc.gov.uk/efiling/pay/pay\\_software\\_forms.htm](http://www.hmrc.gov.uk/efiling/pay/pay_software_forms.htm)

## Form P11 (or substitute)

### Extract from form P11

Record payments of SSP from your employee's pay records on your employee's Deduction Working Sheet, form P11, if you will be making a recovery of SSP for the tax month

		National Insurance contributions					Statutory payments										
Month number	Week number	Earnings details			Contribution details		Statutory Sick Pay (SSP) paid to employee in the week or month included in column 2	Statutory Maternity Pay (SMP) paid to employee in the week or month included in column 2	Statutory Paternity Pay (SPP) paid to employee in the week or month included in column 2	Statutory Adoption Pay (SAP) paid to employee in the week or month included in column 2	Student Loan Deductions (whole pounds only)						
		Earnings at the LEL (where earnings are equal to or exceed the LEL)	Earnings above the LEL, up to and including the ET	Earnings above the ET, up to and including the UEL	Total of employee's and employer's contributions - mark minus amounts 'R'	Employee's contributions due on all earnings above the ET						1a £	1b £ p	1c £ p	1d £ p	1e £ p	1f £ p
1	1																
	2																
	3																
1	4																

For help in completing form P11, see the Employer Helpbook E10, *Finishing the tax year up to 5 April 2006*

## Form P14 (or substitute)

At the end of the tax year transfer the total amount of SSP actually paid to the employee in any tax month(s) in which any recovery has been made under the Percentage Threshold Scheme (PTS). Transfer the SSP recorded on column 1f on the P11 to box 1F on form P14.

### Extract from form P14

For all tax amounts where you made a recovery of SSP, enter the total payments of SSP paid to each employee, on your employee's End of Year Summary, form P14 or substitute.

Statutory payments included in the pay 'In this employment' figure below											
Statutory Sick Pay (SSP)			Statutory Maternity Pay (SMP)			Statutory Paternity Pay (SPP)			Statutory Adoption Pay (SAP)		
1f	£	p	1g	£	p	1h	£	p	1i	£	p
Date of starting if during tax year to 5 April 2007			Date of leaving if during tax year to 5 April 2007			Pay			Tax deducted		
DD	MM	YYYY	DD	MM	YYYY	£	p	£	p	£	p
In previous employment(s)			In this employment			Total for year			Employee's Widows & Orphans/Life Assurance contributions in this employment		
						£ p			Final tax code		

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## Extract of form P35

### Form P35 (Employer's Annual Return)

Enter the total amount of SSP you have recovered during the tax year in box 13. If you have received any payment from HM Revenue & Customs to pay SSP, enter the amount in box 21. You need only record the amount you have recovered under the PTS on form P35. You do not need to include details of SSP paid to employees. An extract of form P35 is shown below. At the end of the tax year send the completed P14s to your HM Revenue & Customs office that deals with your PAYE. You can now send them online. For more information go to [www.hmrc.gov.uk/efiling/payee/payee\\_software\\_forms.htm](http://www.hmrc.gov.uk/efiling/payee/payee_software_forms.htm)

#### Extract from form P35

Enter on your Employer's Annual Statement, form P35, the amount of SSP you have recovered

Statutory payments recovered	
<i>see Note 5</i>	
Statutory Sick Pay (SSP) recovered	13 £

Funding received from Inland Revenue to pay SSP/SMP/SPP/SAP	21 £	← What you got in advance from HM Revenue & Customs
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