



HM Revenue
& Customs

Employer Helpbook for Statutory Maternity Pay

To use for employees whose babies are due on
or after 4 April 2010

Including new rates from 4 April 2010

Help and guidance

Help and guidance is available from the following sources.

The Internet



Go to our website at www.hmrc.gov.uk/payee

Employer CD-ROM



Your Employer CD-ROM has most of the forms and guidance you will need to help you run your payroll throughout the year. For more information about your Employer CD-ROM see the inside back cover.

Employer Helplines



Employer for **less** than 3 years
Phone the New Employer Helpline **0845 60 70 143**
Open 8.00am to 8.00pm Monday to Friday
8.00am to 5.00pm Saturday and Sunday

Employer for **more** than 3 years
Phone the Employer Helpline **08457 143 143**
Open 8.00am to 8.00pm Monday to Friday
8.00am to 5.00pm Saturday and Sunday

If you have a hearing or speech impairment, and use a textphone **0845 602 1380**
(Only people with specialised equipment such as Minicom are able to use this service)
Open 8.00am to 8.00pm Monday to Friday
8.00am to 5.00pm Saturday and Sunday

A list of helplines and opening hours is available:

- on our website, go to www.hmrc.gov.uk/contactus/helplines.htm
- on your CD-ROM
- in your Employer Bulletin, and
- in **The Phone Book** from BT.

In person



We offer free workshops covering all payroll topics. These workshops are available at locations nationwide. Further information is available from our website, go to www.hmrc.gov.uk/bst or by calling the Advice Team on **0845 603 2691**.

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 **08457 646 646** and ask to speak to the Customer Service Team.

See the inside back cover for further help and guidance.

Overview of the SMP Scheme

- [Quick guide](#)
- [Forms you may need to use](#)
- [Flowchart - Operating the SMP Scheme](#)
- [Terms used in this Helpbook](#)
- [Frequently asked questions](#)
- [General information](#)

Contents - Overview of the SMP Scheme

Quick guide	1
Statutory Maternity Pay	1
SMP start date	1
Qualifying rules	1
Medical evidence for SMP	1
Time limits for notice to start SMP	1
Forms you may need to use	1
Using your own versions of the maternity forms	1
Flowchart - Operating the SMP scheme	2
Terms used in this Helpbook	3
Statutory Maternity Pay (SMP)	3
Maternity leave	3
Employment rights	3
Employee	3
Employer	3
Qualifying week	3
Normal payday	3
Frequently asked questions	4
How do I calculate SMP	4
What records should I keep?	4
What do I do if my employee is not entitled to SMP	4
My employee is pregnant but did not provide medical evidence within the required time - what do I do?	4
My employee has not given me medical evidence of her pregnancy - what do I do?	4
What do I need to do if the baby is born early?	4
What if I don't have enough money to pay SMP to my employee?	4
What do I do if my business becomes insolvent?	4
My employee has been made redundant - do I still have to pay her SMP?	4
Does my employee have to tell me when she intends to return to work?	4
General information	5
Employees and employers in Northern Ireland	5
Further help	5
Visits from HMRC	5

Quick guide

This is a high level overview of the SMP process. A list of frequently asked questions is also provided.

Statutory Maternity Pay (SMP)

SMP is paid to an employee by their employer in the same way as wages. SMP is paid for up to 39 weeks.

The employer will calculate the amount of SMP available to the employee. For the first six weeks it will be 90% of the employee's average weekly earnings. After that it will be either the weekly standard rate, or 90% of the employee's average weekly earnings, whichever is less. The standard weekly rate for pay weeks commencing on or after Sunday 4 April 2010 is £124.88.

At the time this Helpbook was printed changes in the rates for paying and recovering SMP for the 2010-11 year were still subject to Parliamentary approval. Should Parliamentary approval not be obtained HMRC will tell you of any further changes on our website before Sunday 4 April 2010.

More detailed information including examples of how to calculate AWE can be found on pages 20 to 23.

For examples look in the Learning Zone on your Employer CD-ROM.

SMP start date

An employee can choose when to start her SMP, but SMP:

- generally cannot start before the 11th week before the week the baby is due or can start earlier if the baby is born earlier
- must start by the day after the baby is born
- may start on any day of the week where the employee continues to be employed by you beyond the 11th week before the week the baby is due
- will start the day following the birth if the baby is born before SMP was due to start, or before the 11th week, (see page 10)
- may start earlier if the employee has a pregnancy related absence four weeks before the week the baby is due (see page 18)
- must start the day after she leaves her employment if she leaves after the start of the 11th week but before the date she chose (see page 10).

More detailed information on paying SMP can be found on page 10.

Qualifying rules

The employee must:

- have been continuously employed by the same employer in the 26 weeks going into the Qualifying Week (QW) (see page 17)
- still be pregnant at the start of the 11th week before the week the baby is due, or have had the baby by then (see page 17)
- have average weekly earnings which are not less than the lower earnings limit for payment of NICs which applies on the Saturday of the QW (see page 7)
- normally give at least 28 days notice before her SMP is due to start (see page 9).

Medical evidence for SMP

The employee must give medical evidence (usually on form MATB1 *Maternity Certificate*):

- at least 21 days after the start of the SMP pay period, or
- 21 days from the date the baby was born, if the baby is born early.

In exceptional circumstances you can extend this to 13 weeks but no more.

If the employee satisfies the above conditions, she will qualify for SMP even if she does not intend to return to work for the same employer after the baby is born.

More detailed information on medical evidence can be found on page 6.

Time limits for notice to start SMP

The employee should give their employer at least 28 days notice of when they want SMP to start. However, if this is not possible - for example, if the baby arrives early - they should tell their employer as soon as possible. The employer decides how they want to be notified and should advise the employee. More detailed information on time limits can be found on page 6.

Forms you may need to use

MATB1 *Maternity Certificate*

The expectant woman will give you this form to confirm that she is pregnant. You must not pay SMP without it or similar evidence. The form will be signed by a doctor or midwife and issued to the mother after the 20th week of pregnancy.

SMP1 *Why I cannot pay you SMP*

If your employee does not meet one of the conditions in the section Qualifying Rules then use this form to tell your employee that she is not entitled to SMP.

Form SMP1 *Why I cannot pay you SMP* is available to download through the maternity pay section of business link www.businesslink.gov.uk. Also from Jobcentre Plus offices, or in Northern Ireland the Jobs and Benefits offices - details are in **The Phone Book**, or go to www.dwp.gov.uk/advisers/claimforms/smp1_print.pdf. In Northern Ireland go to www.dsdni.gov.uk/smp1.pdf. Paper copies can also be ordered from www.dwp.gov.uk/publications/catalogue-of-information/how-to-order-products

SMP2 *Statutory Maternity Pay record sheet*

Use this form to keep a record of Statutory Maternity Payments.

All HMRC maternity forms are available from:

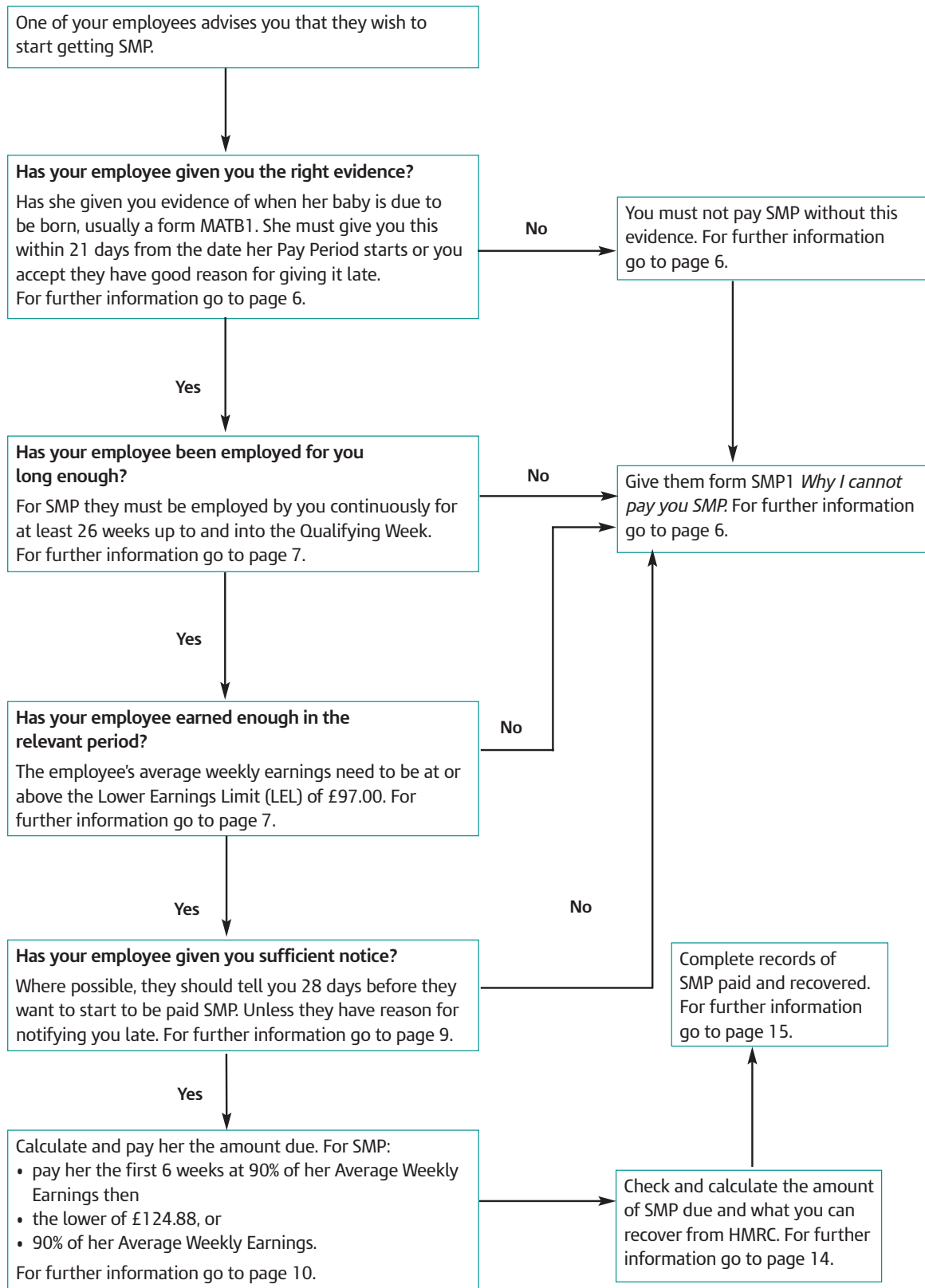
- Employer CD-ROM
- Orderline phone **08457 646 646**
- www.hmrc.gov.uk/employers

You can use your own version of any of the forms, except form MATB1.

Using your own versions of the maternity forms

You can produce your own computerised or paper versions of these forms (not MATB1). There is no formal approval process but you must include all the information on the approved HMRC SMP forms.

Flowchart - Operating the SMP Scheme



Terms used in this Helpbook

Statutory Maternity Pay (SMP)

This is a legal entitlement to a certain amount of pay to help a woman take time off around the time of birth and lasts for up to 39 weeks. The SMP pay period will generally start on any day of the week where the employee continues to be employed by you beyond the 11th week before the week the baby is due. For more information on SMP start date see page 9. To work out if your employee is entitled to SMP look at the date the baby is due, **not** the date the baby is born. She can choose the date she wants her SMP to start. The start date can also be triggered by the birth of the baby or a pregnancy related absence.

You must remember that under maternity leave regulations a woman must take two weeks compulsory maternity leave after the birth of her child and cannot work (or work a KIT day) during that time.

Maternity leave

All employed women are legally entitled to a total of 52 weeks Maternity leave regardless of their length of service. Women do not need to qualify for SMP to be able to take Maternity leave. Maternity leave is split into: Ordinary Maternity Leave (OML) - the first 26 weeks of maternity leave

Additional Maternity Leave (AML) - the second 26 weeks of Maternity leave.

For more information on maternity leave go to www.businesslink.gov.uk/workandfamilies

Employment rights

Women have a legal right to:

- paid time off for ante-natal care
- special health and safety protection when they are pregnant, have given birth recently or are breastfeeding
- protection against unfair treatment or dismissal
- return to work after maternity leave.

Treating a woman unfairly on grounds of pregnancy or maternity leave is sex discrimination.

Dismissing someone because she is pregnant, or because they take or seek to take maternity leave, is automatically 'unfair dismissal'.

The Department for Business, Innovation and Skills (BIS) guidance gives information about maternity leave. Go to www.businesslink.gov.uk/workandfamilies

For further information on employment rights only (not SMP), contact Acas at www.acas.org.uk or phone **08457 47 47 47**. Or in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9034 1442**.

If there is disagreement between you and your employee about their entitlement to maternity leave or other employment provisions, you will want to discuss it together first. You will probably also find it helpful to contact Acas at www.acas.org.uk or phone **08457 47 47 47**. Or in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9032 1442**. Ultimately, if the dispute continues, your employee may want to take the case to an employment tribunal.

[Employer Helpbook E15\(2010\)](#)

Employee

For SMP purposes an **employee** is a person whose earnings attract a liability for employer's secondary Class 1 NICs, or would but for your employee's age or the level of their earnings.

People who are classed as employed earners for Class 1 NICs liability, for example, agency workers, are also employees for SMP.

A person who does not have an employer in the UK that is liable to pay secondary Class 1 NICs on their earnings (for example some people who work in embassies) may pay voluntary employee Class 1 NICs. Such a person is not an employee for SMP purposes.

Employer

An **employer** is whoever is liable to pay the employer's secondary Class 1 NICs, or would be but for the employee's age or the level of their earnings.

For Statutory Maternity Payment purposes, if you have to pay employer's secondary Class 1 NICs for your employees, or would but for their age or level of earnings and they satisfy all the qualifying conditions for Statutory Maternity Payments then you will be responsible for making the Statutory Maternity Payments.

If you are not sure who is an employee and who is an employer for Statutory Maternity Payments, contact the Employer Helpline on **08457 143 143**.

Qualifying week

The qualifying week is the 15th week before the week the baby is due, see tables on pages 31 and 32.

Normal payday

Regulations define a 'normal payday' as either the payday specified in the contract, or the day on which they are usually paid if they have no contract or their contract does not specify a payday.

Frequently asked questions

How do I calculate SMP?

If your employee meets all the qualifying conditions, then for the first six weeks it will be 90% of the employee's average weekly earnings. After that it will be either the weekly standard rate or 90% of the employee's average weekly earnings, whichever is less.

The standard weekly rate is £124.88 for weeks commencing on or after Sunday 4 April 2010.

There is a quick and easy method to calculate SMP which is available on our website, go to

www.hmrc.gov.uk/calcs/smp.htm The SMP calculator will help you to work out if you have to pay SMP to your employee and if so how much SMP you have to pay her. It will also help you to work out how much SMP funding you can get. Your Employer CD-ROM also includes a calculator.

What records should I keep?

You must keep medical evidence of the pregnancy (form MATB1 or other similar evidence), records of the payment dates and amount paid, the date the pay period began, a record of any weeks in the 39 week period when SMP wasn't paid and reasons why. Form P11 and relevant end of year forms should also be completed. For more information see 'Keeping records' on page 15.

What do I do if my employee is not entitled to SMP?

If your employee does not meet all the qualifying conditions you do not have to pay SMP. Instead you should return the MATB1 to your employee after taking a photocopy for your records. Then complete form SMP1 and give it to your employee as she may be able to claim Maternity Allowance (MA).

My employee is pregnant but did not provide medical evidence within the required time - what do I do?

You can refuse to pay SMP if your employee does not give you medical evidence of the date the baby is due by the end of the third week of what would be the Maternity Pay Period (MPP). This time limit can be extended to the end of the 13th week of her MPP if you accept the employee's reasons for not providing medical evidence earlier.

Once you have medical evidence you must provide form SMP1 to your employee if SMP is not due from you.

My employee has not given me medical evidence of her pregnancy - what do I do?

If your employee has not provided you with medical evidence then providing an SMP1 is difficult because you have no basis on which to do so. However, if the woman was employed by you in the 15th week before her expected week of childbirth, Jobcentre Plus need confirmation that SMP is not due from you and will be unable to pay Maternity Allowance to the woman without such confirmation. It is the woman's responsibility to provide you with the evidence to enable you to issue an SMP1 to her should SMP not be payable to her.

What do I need to do if the baby is born early?

If the baby is born early you may be able to pay SMP as long as the employee meets the qualifying conditions on page 18. But if the baby is stillborn special rules apply.

For more information see 'Stillbirth' on page 18.

The qualifying rules may be adjusted in some cases of early birth, for more information see page 18.

What if I don't have enough money to pay SMP to my employee?

You can ask your HMRC Accounts Office to pay you an advance of the amount you need to pay your employee's SMP. For more information see 'Advance funding' on page 14.

What do I do if my business becomes insolvent?

If you become insolvent after the start of the 15th week before the expected week of childbirth and before the start of your employee's pay period, HMRC will pay your employee's SMP. If you become insolvent during the SMP pay period, HMRC will pay your employee's SMP from the week in which you became insolvent. You should advise your employee to contact the Statutory Payment Disputes Team on **0191 22 55221**. It will also help if you or the administrator, liquidator or the other similar office can let us know which of your employees are affected so we can pay them as soon as possible.

My employee has been made redundant - do I still have to pay her SMP?

Yes. If a woman has qualified for SMP from you then you are still liable to continue to pay SMP to her where she leaves your employ for whatever reason including redundancy. However, if after the baby is born your employee or ex-employee starts work for another employer who did not employ her in the 15th week before her expected week of childbirth, payment may stop. For more information see 'Employee works for another employer' on page 12.

Does my employee have to tell me when she intends to return to work?

If she is on maternity leave with you and is taking her full statutory maternity leave from your employment, no notice of her return to work with you is required. If your employee does not want to take the full statutory maternity leave, if at all possible she should tell you at least 28 days before her proposed start date. If she decides to return to work before or after the agreed date she must give you eight weeks notice of when she intends to return to work.

For more information see 'Has your employee given you sufficient notice' on page 9.

General information

Employees and employers in Northern Ireland

Arrangements in Northern Ireland are similar to those in Great Britain, but there are differences in detail:

- Northern Ireland has its own legislation covering SMP and maternity leave schemes
- The Incapacity Benefit Branch (IB), Castle Court, Belfast deals with social security claims for Maternity Allowance and Incapacity Benefit. For more information go to www.dsdni.gov.uk or phone **0289 03 36 000**
- For Jobcentre Plus in Northern Ireland the reference is the Jobs and Benefits office
- The Department of Employment and Learning's, publication ER16 *Maternity Rights* provides basic information on this. More information including employment protection legislation is available from www.delni.gov.uk

Free confidential advice on employment law is available from the LRA. Go to www.lra.org.uk or phone **028 9032 1442**.

Further help

For more information about SMP you can:

- go to www.direct.gov.uk/employee
- go to www.businesslink.gov.uk
- contact any HMRC office.

Information on all aspects of employment legislation is also usually available from Citizens Advice, low pay units, trade unions and other bodies.

An employee who is not entitled to SMP may be entitled to other Government help. They can go to www.direct.gov.uk or phone Jobcentre Plus on **0800 0556688** for more information or in Northern Ireland the Jobs and Benefits office.

A Department for Work and Pensions online leaflet NI17A *A Guide to Maternity Benefits* is available for women who need more information on SMP or on Maternity Allowance (if they cannot get SMP). This also has details of other social security benefits and where to get more information. Go to www.direct.gov.uk

Throughout this Helpbook further references to the Advisory, Conciliation and Arbitration Service (Acas) will be referred to as Acas, go to www.acas.org.uk and in Northern Ireland the Labour Relations Agency (LRA) will be referred to as LRA, go to www.lra.org.uk

Visits from HMRC

From time to time, our officers visit employers to see if their payroll is running smoothly. If we call on you we will ask to see your SMP records.

Operating the SMP Scheme

- Has your employee given you the right evidence within the time limits?
- Has your employee been employed by you long enough?
- Has your employee earned enough in the relevant period?
- How to work out the relevant period
- Has your employee given you sufficient notice?
- Paying SMP
- Keep in Touch (KIT) days
- When does SMP stop?
- Recovering SMP
- Get help with statutory payments funding
- Keeping records

Contents - Operating the SMP Scheme

Has your employee given you the right evidence within the time limits?	6	Recovering SMP	13
Proof of pregnancy	6	How much do I get back?	13
If a woman has more than one job	6	Where does the money come from?	13
Employee does not give medical evidence	6	If you were not an employer for the whole of 2008-09 and 2009-10	13
Time limits	6	Get help with statutory payments funding	14
Employee provides you with a non-UK MATB1 Certificate	6	Advanced funding	14
		No PAYE payment to make	14
		A quick check to see if you need advance funding	14
		Recovery of SMP paid in a previous tax-year	14
		Applying for advance funding	14
Has your employee been employed by you long enough?	7	Keeping Records	15
Length of employment	7	What you must keep?	15
Employee works abroad	7	Recording payments of SMP	15
		SMP payments and/or recovery covering more than one tax-year	15
		Recording advance payments	15
		Incorrect payment of SMP	15
		Errors on returns and documents	15
Has your employee earned enough in the relevant period?	7		
The relevant period	7		
Lower Earnings Limit (LEL)	7		
What counts as earnings for working out SMP	7		
How to work out the relevant period	8		
Has your employee given you sufficient notice?	9		
Pay	9		
Leave	9		
Choosing dates	9		
Change of mind	9		
Acknowledging your employees notice for SMP and leave	9		
Employee does not give acceptable notice	9		
Paying SMP	10		
Start of payment	10		
SMP paid part-weekly	10		
Paying through an agent	10		
Employee has more than one employer	10		
Employee goes abroad during the Maternity Pay Period (MPP)	10		
Non-cash payments	10		
Lump sums	10		
Off-setting SMP against employee's pay	10		
Employee is not returning to work	10		
Keep in Touch (KIT) Days	11		
Employee does some work for you	11		
Paying your employee who has more than one job with you	11		
When does SMP stop?	12		
Stopping payment	12		
Employee works for another employer	12		
Employee is taken into legal custody	12		
Employee dies	12		

Has your employee given you the right evidence within the time limits?

Proof of pregnancy

Your employee must produce medical evidence of pregnancy to get SMP. You can allow leave without medical evidence. The medical evidence is usually the form MATB1 *Maternity Certificate*. But you can accept any document, signed by a doctor or midwife, that includes the date the baby is due. (The form MATB1 is signed by a doctor or midwife and is issued no earlier than 20 weeks before the week baby due date.)

After a maternity certificate has been given, the expected date on the maternity certificate cannot be changed. Only in exceptional cases would a doctor or midwife, following a fresh examination, issue another maternity certificate. A maternity certificate by way of replacement of an original which has been lost or mislaid, can be issued based on the original examination, in which case it shall be clearly marked duplicate.

If a woman has more than one job

If a woman has more than one job, she needs to ask one employer what other evidence they would accept to confirm the date the baby is due, as more than one maternity certificate cannot be issued showing the same expected date. This evidence can be a letter and must be signed by a doctor or midwife that includes the pregnant woman's name and the date of confinement. It must also be stamped and if issued by the midwife, must have the midwife's PIN number and the expiry date of registration.

There is no reason why the woman cannot show one employer the original MATB1 *Maternity Certificate*, which the employer can then photocopy and then note the copy that the original has been seen and this is a true copy of the original. The MATB1 *Maternity Certificate* can then be given back to the employee for use by the other employer.

Employee does not give medical evidence

If your employee has not provided you with medical evidence then providing an SMP1 is difficult because you have no basis on which to do so. However if the woman was employed by you in the 15th week before her expected week of childbirth, Jobcentre Plus need confirmation that SMP is not due from you and will be unable to pay Maternity Allowance to the woman without such confirmation. It is the woman's responsibility to provide you with the evidence to enable you to issue an SMP1 to her should SMP not be payable to her.

Time limits

The time limit for producing medical evidence for pay is 21 days from the start of the SMP pay period. If there is a good reason for the evidence being produced late you must accept it, provided the evidence is produced by the end of what would be the 13th week of the SMP pay period.

You can refuse to pay SMP if your employee does not give you medical evidence of the date the baby is due by the end of the third week of what would be the Maternity Pay Period (MPP). This time limit can be extended to the end of the 13th week of her MPP if you accept the employee's reasons for not providing medical evidence earlier.

If you do not pay SMP, you must tell your employee why on form SMP1.

Once you have medical evidence you must provide form SMP1 to your employee if SMP is not due from you.

Employee provides you with a non-UK MATB1 Certificate

If your employee provides you with a non-UK MATB1 for a period when they were abroad that requires translation into English, HMRC can only arrange translation where you are in dispute with your employee on their SMP entitlement, otherwise you should refer the non-UK MATB1 to an outside translator.

Has your employee been employed by you long enough?

Length of employment

To get SMP the employee must be employed by you continuously for at least 26 weeks continuing into the Qualifying Week. Count part weeks of employment as full weeks.

An employee can still satisfy the continuous employment rule, even if she has been employed by you only for short spells during the 26 week period. For more information see 'Break in employment' on page 17.

Also if the baby is born more than 15 weeks before the due date special rules apply. For more information see 'Baby born in or before the Qualifying week' on page 17.

Find the date the baby is due in the tables on pages 31 and 32, then read across to the latest start date for employment with you. If she started work for you after that date she does not qualify. Give her form SMP1 *Why I cannot pay you SMP*.

Employee works abroad

Where she **works for you outside the UK**, from:

- the latest start date for employment with you, **and**
- up to and including the Sunday of the Qualifying Week see tables on pages 31 and 32.

She can get SMP if you were liable to pay Class 1 NICs on her earnings throughout that period. She can still get SMP if you would have been liable to pay Class 1 NICs if her earnings had been high enough. Tables showing the week baby due, the latest start date for employment with you and the Sunday of the Qualifying Week are on pages 31 and 32.

If you were not liable to pay Class 1 NICs throughout that period and she worked for you in the European Economic Area (EEA), see page 30 for the list of countries, she may still be able to get SMP, see the paragraph below.

Where she works for you within the EEA from:

- the latest start date for employment with you, and
- up to and including the Sunday of the Qualifying Week she can get SMP if
- she worked for you in the UK in the Qualifying Week, **and**
- you were liable to pay Class 1 NICs on her earnings for that week, or would have been if her earnings had been high enough.

Tables showing the week baby due, the latest start date for employment with you and the Qualifying Week are on pages 31 and 32.

All other rules apply.

Leave

Employees who work outside the UK may be entitled to maternity leave under UK law. The law in this area is complex. For more information please contact Acas at www.acas.org.uk or phone **08547 47 47 47** in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9032 1442** or seek independent legal advice. If there is a dispute an employment tribunal will need to decide the issue.

Has your employee earned enough in the relevant period?

The relevant period

The relevant period is needed to establish the number of days, weeks or months to divide earnings by. All earnings paid in the relevant period will be divided by the number of days, weeks or months in that relevant period.

Lower Earnings Limit (LEL)

This is the minimum level of earnings that an employee needs to qualify for some benefits. It is also the minimum level that an employee's Average Weekly Earnings (AWE) must reach in a specific period to qualify for SMP. For 2009-10 LEL is £95.00 and 2010-11 the LEL is £97.00 weekly. If your employee always earns above this level, she will meet this condition.

What counts as earnings for working out SMP

Use the amount before deductions such as PAYE, NICs, pension contributions, and include:

- payments which are earnings for Class 1 NICs including the value of any contractual benefits which count as earnings
- all earnings paid in the period, including money earned outside the period, such as holiday pay, overtime, bonuses and any lump sum paid for arrears of pay
- Statutory Sick Pay
- Statutory Maternity Pay
- Statutory Paternity Pay
- Statutory Adoption Pay.

How to work out the relevant period

The 'relevant period' is needed to establish the earnings to be used and the number of days, weeks or months to divide those earnings by. All earnings paid in the 'relevant period' will be divided by the number of days, weeks or months in that 'relevant period'.

Regulations define the 'relevant period' as the period between:

Date 1 the last normal payday on, or before the Saturday of the Qualifying Week (QW), this is the 15th week before the week baby due. This payday will be **Date 1** and is the end of the 'relevant period', and

Date 2 the last normal payday falling not less than eight weeks before the payday at **Date 1**.

Date 2 will be the day after this payday and is the start of the 'relevant period'.

You must include all the earnings paid on, or after, **Date 2**, up to and including those paid on **Date 1**.

Regulations define a 'normal payday' as either the payday specified in the contract, or the day on which they are usually paid if they have no contract or their contract does not specify a payday.

If your employee has a **contractual** payday this is always the normal payday, even if you pay them early in a particular month.

Example - weekly paid employee

Employee paid every Friday

Date baby due 14/02/11

Qualifying Week 31/10/10 to 06/11/10

Payday at least 8 weeks before 05/11/10

Start of the relevant period - Date 2

Last payday on, or before, Saturday of the Qualifying Week (end of relevant period - Date 1)

Paydays										
10/09	11/09	17/09	24/09	01/10	08/10	15/10	22/10	29/10	05/11	
Earnings										Total
		140.11	140.00	100.00	120.00	130.00	108.10	130.00	102.00	970.21

The relevant period is therefore from **11 September 2010 to 05 November 2010**

Average Weekly Earnings - total earnings £970.21 ÷ 8 = **£121.27625**

Do not round this Average Weekly Earnings figure up or down to whole pence.

Example - monthly paid employee

Employee paid on the last working day of month

Date baby due 14/02/11

Qualifying Week 31/10/10 to 06/11/10

Payday at least 8 weeks before 29/10/10

Start of the relevant period - Date 2

Last payday on, or before, Saturday of the Qualifying Week (end of relevant period - Date 1)

Paydays				
31/08/10	01/09/10	30/09/10	29/10/10	
Earnings				Total
		685.75	723.55	1,409.30

The relevant period is therefore **1 September 2010 to 29 October 2010**

Average weekly Earnings - total earnings = £1,409.30 ÷ 2 = £704.65 x 12 = £8,455.80 ÷ 52 = **£162.61153**

Do not round this Average Weekly Earnings figure up or down to whole pence.

For further examples and checksheets see pages 20 to 23.

Has your employee given you sufficient notice?

Pay

Where possible your employee must give you 28 days notice before they want to start to be paid.

You should accept any delay in giving notice if the employee has good reason.

Notice can be given:

- personally
- by someone else
- by phone
- by post, fax or email.

In practice your employee will probably tell you about her leave and pay dates at the same time.

Leave

To qualify for maternity leave your employee should tell you when she expects to stop work and start her leave by the Saturday of the Qualifying Week (use tables on pages 31 and 32).

You must confirm the date in writing including when you expect her back. If the employee is returning earlier than previously planned or later than the previously agreed date she **must** give you eight weeks notice of when she intends to start work again. (See sample letter on page 28 or on the Employer CD-ROM.)

For more information go to

www.businesslink.gov.uk/workandfamilies

Choosing dates

Your employee has the right to choose when she wants to start Statutory Maternity Pay and leave. SMP and maternity leave cannot start before the 11th week unless your employee gives birth before then. For early births - SMP and maternity leave begin the day after the birth. (Use the tables on pages 31 and 32.)

Change of mind

Your employee can change her mind about the start date but should give you 28 days notice of her intended new start date.

Acknowledging your employee's notice for SMP and leave

You must write to the employee within 28 days of the date she told you when she wants to take her maternity leave, to confirm:

- the date she intends to stop work
- the date you expect her to return to work.

Example letters can be found on page 28.

Employee does not give acceptable notice

If your employee did not give you acceptable notice and she does not have a good reason for being late give her form SMP1 *Why I cannot pay you SMP*. Take a copy of the form MATB1 *Maternity Certificate* and give the original back to her.

Paying SMP

Start of payment

If your employee meets all the qualifying conditions then for the first six weeks it will be 90% of the employee's average weekly earnings. After that it will be either the weekly standard rate or 90% of the employee's average weekly earnings, whichever is less.

The standard weekly rate is £124.88 for weeks commencing after Sunday 4 April 2010.

SMP is a weekly payment. It should be paid on the employee's next usual payday on or after the last day of their pay week.

SMP pay weeks start with the first day of the SMP pay period, so that, for example, an SMP pay period which starts on a Wednesday will have pay weeks within the pay period which run from Wednesday to the following Tuesday.

The SMP pay period starts on the day the woman wants it to start and it is intended that this date will be the same day as her maternity leave starts. Both pay and leave might start earlier if your employee has:

- a premature or early birth, see page 18
- a pregnancy-related absence, see page 18.

SMP should be paid in the same way as you would pay earnings and for the same period. All the usual deductions apply, including PAYE tax and National Insurance contributions (NICs), except Attachment of Earnings Orders or Deductions of Earnings Orders for the Child Maintenance and Enforcement Commission (Arrestment of Earnings Orders in Scotland).

SMP paid part-weekly

SMP can be paid as part weeks to help employers align the payments to their employees' normal pay period. The weekly rate may be split into two and if it is, the calculation is done on the basis of dividing the weekly rate by seven. For example, if the pay period covers the end of one month and the beginning of the next (two days in April and five days in May) then pay two-sevenths in one month and five-sevenths the next month.

Paying through an agent

You can arrange for the SMP to be paid through an insurance company, friendly society, payroll service or other third party. However, bear in mind that you, as the employer, are responsible for making sure that it is paid according to the rules.

Employee has more than one employer

If your employee has more than one employer they can get SMP from each employer if they satisfy all the qualifying conditions. They can choose to take different time off from each employer.

Employee goes abroad during the Maternity Pay Period (MPP)

If an employee leaves the UK while they are on their MPP, for example, to go on holiday or visit relatives living abroad, you are still liable to pay SMP during the MPP. As the employee will have already met the qualifying conditions, then payment should continue, even if the employee is out of the country.

Non-cash payments

You may normally pay some or all of your employee's earnings as a non-cash payment, for example, providing board and lodging or giving them goods or services. However, you must pay any SMP in full. SMP cannot be sacrificed or offset against other benefits, it must be paid in cash.

All non-pay contractual benefits must continue during statutory maternity leave. These may include any childcare vouchers, company car or mobile phone provided to the employee as part of their contract of employment.

Lump sums

If you do decide to pay the SMP as a lump sum, you and your employee could pay more NICs than if you paid it on their normal payday. See Employer Helpbook E13(2010) *Day-to-day payroll* and the CWG2(2010) *Employer Further Guide to PAYE and NICs*, for more information on working out NICs.

Offsetting SMP against employee's pay

If you pay maternity pay under an employee's contract of employment you must pay your employee at least the amount of SMP they are entitled to for each week in the pay period but you can offset the contractual payment against your liability to pay SMP for the same week for which it is payable.

If your employee is entitled to more SMP than the contractual maternity pay you may offset the contractual pay but you must pay the balance of SMP due. Even if you are paying your employee contractual maternity pay you may still recover an amount based on your full SMP liability from the NI Fund in the normal way.

However, if you have set up a scheme whereby your employee pays a contribution towards their contractual maternity pay, they are entitled to the full amount of SMP on top of their maternity pay from the scheme. If you share the cost of the maternity pay scheme, then you must calculate what proportion of the maternity pay is from your contributions and ensure that you pay your employee any balance of SMP needed to bring your share up to the SMP due. You cannot offset any of the maternity pay they have paid for against their SMP entitlement.

Employee is not returning to work

If your employee is not returning to work you must still pay them SMP.

You cannot ask them to repay it.

Keep in Touch (KIT) days

Employee does some work for you

A woman can work for you under her contract of service and during her SMP pay period for up to ten days without losing her SMP for the week in which that work is done. These ten days are called 'Keeping in Touch' (KIT) days and enable your employee to undertake the odd day's training or do some work for you on occasion to keep in touch during her maternity leave without losing her SMP or ending her maternity leave.

The KIT days may be used consecutively, singly or in blocks, it is for you and your employee to agree how they should be used if your employee wishes to do some work. But any work on any day (even as little as an hour) will count as a whole KIT day.

This provision is designed to help ease a woman's eventual return to work and to make it easier for her to keep in touch with her employer during her leave from work.

Both the employee and the employer must agree that these days may be worked and the arrangements including what work she will be doing and how much she will be paid.

The amount of pay they receive for work done is something for you to agree with your employee. You may count the amount of SMP towards the contractual pay agreed with your employee. This is something which both parties need to agree before any work is done. You must pay the weekly SMP rate the employee is entitled to and also comply with your statutory obligations, such as paying at least the National Minimum Wage (NMW).

For further information about NMW contact the free Pay and Work Rights Helpline on **0800 917 2368**.

The employer has no right to demand that such KIT work is undertaken and the woman has no obligation to undertake such work.

If your employee does more than ten days work for you in her SMP pay period you cannot pay SMP to her for any week in which she does such work. To be clear, if a week in the SMP pay period contains only KIT days, SMP should be paid. If a week in the SMP pay period contains the last of the KIT days and also another day or days of work for you, or she has used up all her KIT days, you must not pay SMP for each week in which such work is done.

Once your employee has used her 10 KIT days, she will lose one week's SMP for each week or part week she works for you. The SMP pay period is not extended to take account of any such weeks. Any SMP lost in this way is always at the standard rate first, or 90% of the AWE if this is lower than the standard rate.

KIT days example

If a woman works Monday to Friday, the SMP pay period is 3 March 2010 to 30 November 2010, and the SMP pay week is Wednesday to Tuesday.

A woman returns to work for six days:

- Monday to Wednesday, 30 August 2010 to 1 September 2010, and
- Monday to Wednesday, 6 September 2010 to 8 September 2010.

The SMP pay weeks for this period are:

- 25 August 2010 to 31 August 2010 (two KIT days)
- 1 September 2010 to 7 September 2010 (three KIT days)
- 8 September 2010 to 14 September 2010 (one KIT day).

She then works for five days Monday to Friday, 25 October 2010 to 29 October 2010.

The SMP pay weeks for this period are:

- 20 October 2010 to 26 October 2010 (two KIT days)
- 27 October 2010 to 2 November 2010 (two KIT days, one non-KIT day).

SMP is payable for all of the above SMP pay weeks except for the pay week 27 October 2010 to 2 November 2010 because in this week the woman has exceeded her 10 KIT days.

She has used her total of 10 KIT days, so for any further work done SMP will not be payable for any SMP weeks.

Paying your employee who has more than one job with you

If your employee has more than one job with you, you should have worked out whether they can get more than one payment of SMP from you when you are looking at whether their earnings were high enough in each employment, see page 7.

If they are only entitled to one payment of SMP from you, they should take the same time off from each job otherwise they will lose some of their SMP because they are working for you but see KIT days at the top of this page.

If they are entitled to more than one payment of SMP from you, they can choose to take different times off from each job without losing any SMP. This is because SMP entitlement is treated completely separately under each contract when earnings are not added together to work out NICs.

When does SMP stop?

Stopping payment

SMP stops after 39 weeks. However, there are circumstances where it might stop earlier as detailed below. If your employee returns to work before the end of her 39 weeks SMP pay period see information on page 11 'Employee does some work for you'.

Employee works for another employer

If your employee works for another employer during the SMP pay period but before the baby is born, carry on paying SMP. She is responsible for telling you if she starts or goes back to work for someone else after the baby is born.

If after the baby is born your employee works for another employer during the SMP pay period, you need to check whether they were employed by that employer during the Qualifying Week. Tables showing these dates are on pages 31 and 32. It is up to your employee to tell you that they are working for another employer.

If your employee is working for someone who employed them in the Qualifying Week, you should continue to pay them SMP as normal.

If your employee is working for someone who did not employ them in the Qualifying Week, you must stop paying SMP from the start of the week they work for that employer. Your liability to pay SMP ends completely on the last day of the week SMP was paid before they started work. Give the employee form SMP1 *Why I cannot pay you SMP*. Take a copy of the form MATB1 *Maternity Certificate* and send the original back to her.

Employee is taken into legal custody

You cannot pay SMP for any SMP pay week your employee is in legal custody or for any week in the pay period after that. Give the employee form SMP1 *Why I cannot pay you SMP*. Take a copy of the form MATB1 *Maternity Certificate* and give the original back to her.

It is your employee's responsibility to tell you if they are taken into legal custody. Your employee is in legal custody if they are detained, usually this means if they are arrested or in prison. They are not in legal custody if they are:

- voluntarily helping police with their enquiries
- out on bail
- serving a suspended sentence.

Employee dies

If your employee dies during the SMP pay period, you should pay SMP for the week in which they die, but not for any week in the pay period after that.

Recovering SMP

How much do I get back?

The amount you get back normally depends on your total gross, employer's plus employee's, Class 1 NICs in the last complete tax year before the employee's Qualifying Week. You can use your form P35 *Employer Annual Return* as a quick check of this.

If your annual liability for Class 1 NICs is **£45,000 or less** you are entitled to:

- 100% of the SMP, and
- an additional amount as compensation for the NICs you pay on the SMP. The compensation rate for 2010-11 is 4.5%.

Add together all payments of SMP made in the same tax months which you are entitled to recover and calculate 100% plus 4.5% of that total figure.

The qualifying tax year for SMP purposes is the last complete tax year before the employee's Qualifying Week.

If your annual liability for Class 1 NICs is **more than £45,000** you are entitled to 92% of the SMP.

Add together all payments of SMP made in the same tax months which you are entitled to recover and calculate 92% of that total figure.

You can only recover the SMP payable, any additional Occupational Maternity Pay (OMP) or any other payments you make over and above the SMP payable is not recoverable.

Where does the money come from?

Use the money you have to pay over to HMRC:

- PAYE tax
- National Insurance contributions
- Student Loan deductions
- Construction Industry Scheme deductions.

You may also need to use this money to pay other statutory payments. Please make sure you have enough to cover all the payments you have to make, use the quick check on page 14.

If you were not an employer for the whole of 2008-09 and 2009-10

If you only had part-year or no annual liability for Class 1 NICs for the previous tax year and this could be **either more or less than £45,000** you will need to check whether it is £45,000, more than £45,000 or less than £45,000.

Check which tax year you need to look at depending on the baby's due date:

- for babies due between 26 July 2009 and 24 July 2010, check your liability for 2008-09
- for babies due between 25 July 2010 and 23 July 2011, check your liability for 2009-10.

If you were not an employer at all in the tax year 2008-09 and 2009-10 use the checksheet on page 29.

Get help with statutory payments funding

Advance funding

If you need to get the SMP back quickly or you do not have enough money from the deductions of PAYE and NICs to pay out all the statutory payments you are liable to pay to your employees, you can apply to your HMRC Accounts Office for payment. You can do this where, for example, the amount of money you need to pay out exceeds the amount you will have available for the same tax month or quarter.

You can ask your HMRC Accounts Office to pay you the balance of the amount you are entitled to.

No PAYE payment to make

If, after deducting your statutory payment(s) from your current or next PAYE payment to HMRC, you do not have a payment to make to HMRC, you must advise HMRC. If you do not, you may receive reminders or phone calls. There are several ways to advise HMRC that you do not have a payment to make:

- complete an online form, go to www.hmrc.gov.uk/payinghmrc/pay-nil.htm for details
- send HMRC a signed payslip for the correct month or quarter marked 'NIL due'
- phone HMRC on **0845 366 7816** - you will need to provide your Accounts Office reference number and the details of the month or quarter where no payment is due.

If you believe no payments will be due for several months please contact HMRC on **0845 366 7816**.

A quick check to see if you need advance funding

Total amount of SMP	A	£ <input type="text"/>
PAYE tax	B	£ <input type="text"/>
National Insurance contributions (including those on SMP)	C	£ <input type="text"/>
Student Loan deductions	D	£ <input type="text"/>
Construction Industry Scheme deductions	E	£ <input type="text"/>
Total amount you will have available in the same tax month or quarter (total of boxes B + C + D + E) =	F	£ <input type="text"/>

If F is less than A write to your HMRC Accounts Office to ask for an advance of the difference.
If you need any help call the Employer Helpline on **08457 143 143**.

Recovery of SMP paid in a previous tax year

If you need to recover SMP for payments made in a previous tax year, you cannot claim this from your HMRC Accounts Office.

You should complete form SP32 to get the money back. You can print these forms from the Employer CD-ROM or go to www.hmrc.gov.uk/employers They can be obtained from your local HMRC office or from the Employer Orderline on **08457 646 646**.

Send the completed form SP32 to:
HM Revenue & Customs
National Insurance Contributions Office
CORT Multi-erroneous
Refunds Group Contributor Group
Room BP1001
Benton Park View
Newcastle Upon Tyne
NE98 1ZZ

Applying for advance funding

The way that you apply for advance funding depends whether the statutory payment is relevant to the current tax year or a previous tax year.

Statutory payment relevant to the current tax year

You can apply online at www.hmrc.gov.uk/payee/employees/statutory-pay/funding.htm

You should tell them the information set out in the quick check box below and ask for advance funding.

Statutory payment relevant to a previous tax year

If the SMP is relevant to a previous tax year you cannot apply online, you must write to your Accounts Office. You should tell them the information set out in the quick check box above and ask for advance funding. You should record the payments of SMP as normal, see 'Recording payments of SMP' page 15.

Keeping records

What you must keep

You must keep:

- a copy of the MATB1 certificate. If you give this back to your employee with form SMP1 *Why I cannot pay you SMP*, keep a copy of the declaration
- a record of the payment dates and the amount paid
- the date the pay period began
- a record of any unpaid SMP with reasons
- form SMP2 Record Sheet is available on the Employer CD-ROM or from the Orderline **08457 646 646** to help you keep a record of your payments.

All records must be kept for at least three years after the end of the tax year to which they relate.

Recording payments of SMP

You must record payments of SMP to your employee in the same way as their wages. Record the payments on your employee's P11 or P12 *Deductions Working Sheet*, or computerised equivalent as you will need to record the amount of SMP you have paid and recovered when you complete form P35 *Employer Annual Return* and the P14 at the end of the tax year.

For more information on keeping records go to helpbook E10(2010) *Finishing the tax year up to 5 April 2010*, helpbook E11(2010) *Starting the tax year 6 April 2010* and E13(2010) *Day-to-Day Payroll* on the Employer CD-ROM or

www.hmrc.gov.uk/efiling/payee/payee_software_forms.htm

SMP payments and/or recovery covering more than one tax year

You cannot make a recovery in one tax year that relates to SMP payments **made** in a previous tax year. For more information about how you can record and recover payments made in a previous tax year, see page 14.

Where payments and/or recovery of SMP start in one tax year and end in a later tax year, you should only record the payments and/or recovery that relates to that tax year on your end of year records. This is to ensure that your records balance with those held by your HMRC Accounts Office.

Recording advance payments

Where an advance payment has been received and it is for a period spanning more than one tax year, you should only record the amount of the advance and the payment(s) that it relates to for that tax year on your end of year records. This is to ensure that your records balance with those held by your Accounts Office.

Any advance payment that relates to the later tax year should be recorded on the end of year records for that tax year.

Where a request has been made for an advance of payment that covers two tax years, the Accounts Office will only make the advance for the current tax year and pay the balance for the following tax year after 5 April.

Incorrect payment of SMP

If you make an incorrect payment of SMP in the current year, you must:

- put it right
- correct your records, payments and deductions from money due to your Accounts Office.

Remember an incorrect payment in one period of maternity may affect a later one.

If you find you have made an incorrect payment in an earlier tax year, you must contact your local HMRC office, they will tell you what to do to correct it.

See CWG2(2010) *Employer Further Guide to PAYE and NICs* for information on how to correct errors in recording NICs.

Any wrongly paid SMP may be recovered from your employee and you should treat this as you would an underpayment/overpayment of wages or salary, and should be recorded as wages or salary not SMP.

Errors on returns and documents

You need to be aware that there is a penalty regime for errors on returns and documents. For more information see page 27.

Exceptions and checksheets for the SMP Scheme

- Specific employments
- Exceptions to the normal conditions for SMP
- Quick method for calculating Average Weekly Earnings (AWE)
- Your employee disagrees with your decision on their SMP entitlement
- Example letters for acknowledging your employee's notice for SMP and leave
- Checksheet - if you were not an employer at all in the tax year before the employee's qualifying week
- Checksheet - If you were not an employer for the whole of 2008-09 and 2009-10
- A list of countries in the European Economic Area (EEA)
- A complete set of tables showing important dates for SMP and maternity leave

Exceptions and checksheets for the SMP Scheme

Specific employments	16	Some of the employee's earnings are included in a PAYE Settlement Agreement and SMP is recalculated to take account of a pay rise	24
Casual and short contract employees	16	Recalculating your employee's AWE	25
Casual employees	16	Earnings in the relevant period where pay rise awarded before or during maternity leave	25
Supply teachers, seasonal workers or other sporadic employment	16		
Agency workers	16		
Mariners	16		
NHS employees	16		
		Your employee disagrees with your decision on their SMP entitlement	26
Exceptions to the normal conditions for SMP	17	Written statement	26
Reinstatement after dismissal	17	Formal decisions about SMP entitlement	26
Reinstatement following service in the Armed Forces	17	SMP is due but not paid after a formal decision	26
Break in employment	17	Penalties	27
Employee leaves job after the start of the Qualifying Week or when the baby is born	17	Example letters for acknowledging your employee's notice for SMP and leave	28
Baby born in or before the Qualifying Week	17		
Premature or early birth	18	Checksheet - If you were not an employer at all in the tax year before the employee's qualifying week	29
Stillbirth	18		
The baby dies	18	Checksheet - If you were not an employer for the whole of 2008-09 and 2009-10	29
Pregnancy-related absence	18		
Employee becomes sick	18		
You take over a business	19		
You cease to trade	19		
You become insolvent	19	A list of countries in the European Economic Area (EEA)	30
Quick method for calculating Average Weekly Earnings (AWE)	20	A complete set of tables showing important dates for SMP and maternity leave	31-32
Checksheet for weekly paid - How to work out AWE	20		
Does your employee earn enough?	20		
Weekly paid employee without whole number of weeks in the relevant earnings period	20		
Mistimed payments	20		
Checksheet for monthly paid - How to work out AWE	21		
Does your employee earn enough?	21		
Rounding to the nearest whole number of months when there isn't a whole number of months in the relevant period	21		
Employee not paid in a regular pay pattern	22		
Checksheet for employees not paid in a regular pay pattern	22		
Does your employee earn enough?	22		
Directors	23		
Checksheet for directors paid only by a formal vote	23		
Does your director earn enough?	23		
You take over a business in the relevant earnings period	24		
Your employee has more than one job with you	24		
Overpayment/underpayment of earnings made during the relevant period	24		
Salary sacrifice	24		
Contractual benefits	24		
Employee does not qualify and some of their earnings are included in a PAYE Settlement Agreement	24		

Specific employments

Casual and short contract employees

General

There are different rules for casual (or short contract) employees and agency workers. If you are not sure whether a worker is employed by you as a casual employee or is an agency worker, contact Acas at www.acas.org.uk or phone **08457 47 47 47** or in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9032 1442**.

Casual employees

A casual employee is usually someone who works for an employer, as and when they are required on a series of short contracts of employment with that person. Such casual workers may also be called short contract employees. If you have to deduct PAYE tax and Class 1 NICs from the worker's earnings, then you will have to pay them SMP if they satisfy all the qualifying conditions. If you are not sure whether you have to deduct PAYE tax and Class 1 NICs from the worker's earnings, contact your local HMRC office.

Supply teachers, seasonal workers or other sporadic employment

Supply teachers, seasonal workers and other employees who work as and when you need them may not have worked for you in every week from:

- the latest start date for employment with you, and
- up to and including the Sunday of the Qualifying Week.

For SMP in this instance, a week means Sunday to Saturday, as a week means different things in different contexts. Count part weeks as full weeks. Tables showing the week baby due, the latest start date for employment with you and the Qualifying Week are on pages 31 and 32.

If she did work for you in every week she will satisfy the employment condition.

If she did not work for you in every week you need to check why not.

She can still get SMP if she did not work because:

- she was on paid leave, or
- you did not have work to offer her.

If you offered her work and she turned it down, she may still be able to get SMP - check the relevant paragraph on pages 17 and 18 depending on why she turned down the work.

Pay

If you have to deduct PAYE tax and Class 1 NICs from the casual employee's earnings then you will have to pay them (SMP) if they satisfy all the qualifying conditions. If you are not sure whether you have to deduct PAYE tax and Class 1 NICs from the employee's earnings contact your local HMRC office.

Leave

If you are not sure whether a casual employee is entitled to leave contact Acas at www.acas.org.uk or phone **08457 47 47 47** or in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9032 1442**.

Agency workers

Pay

Agency workers can be treated as employees for PAYE tax and Class 1 NICs. If you have to deduct PAYE tax and Class 1 NICs from the agency worker's earnings, or would do if they were high enough, then you will have to pay them SMP if they satisfy the qualifying conditions. If you are not sure whether you have to deduct PAYE tax and Class 1 NICs from the agency worker's earnings phone your Employer Helpline on **08457 143 143**.

Leave

If you are not sure whether an agency worker is employed under a contract of employment, contact Acas at www.acas.org.uk or phone **08457 47 47 47** or in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9032 1442**.

Mariners

Mariners can get SMP if you have a place of business in the UK and they are on a home-trade ship.

If you are not sure if the above applies, contact your local HMRC office or phone the Employer Helpline on **08457 143 143**.

If you are not sure whether the mariner can get leave or not, contact Acas at www.acas.org.uk or phone **08457 47 47 47** or in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9032 1442**.

NHS employees

Some NHS employees whose contracts are split between Strategic Health Authorities and NHS Trusts, as a result of NHS reorganisation, can choose to have all their earnings added together for working out AWE for SMP purposes.

For further information contact the Employer Helpline on **08457 143 143**.

However, if an employee changes from one Trust to another during the 26 weeks employment qualifying rule, the employee will not satisfy the continuous employment rule for SMP purposes, unless it is for the same NHS Trust.

For further advice email doctorsanddentists@nhsemployers.org

Exceptions to the normal conditions for SMP

Reinstatement after dismissal

If the employee did not work for you during the period you worked out using the tables on pages 31 and 32:

- because you dismissed her, and
- she is then reinstated because an employment tribunal decides that you dismissed her unfairly, or
- if you reinstate her as a result of a statutory grievance procedure

they are entitled to SMP, as if they had not been dismissed.

All other rules apply.

Reinstatement following service in the Armed Forces

If the employee did not work for you during the period you worked out using the tables on pages 31 and 32, because she was serving in the Armed Forces and she returned to work for you within six months of the end of her service in the Forces, she may still be able to get SMP.

For SMP the employee must have been continuously employed by you for at least 26 weeks by the end of the Qualifying Week. Do not count the period she served in the Armed Forces as part of the 26 weeks.

All other rules apply.

Break in employment

For SMP the employee must have been continuously employed by you for at least 26 weeks by the end of the Qualifying Week. To work out the latest start date for employment with you use the tables on pages 31 and 32.

Some breaks between periods of employment will not interrupt a period of continuous employment for SMP purposes. These are:

- trade disputes or industrial action - do not count the period she was on strike, even for one day, as this week will not count as part of the 26 weeks
- temporary cessation of work - including short-term contract or agency workers
- public holidays - the employee can still get SMP
- sickness or injury - the employee can get SMP if the total period of incapacity is 26 weeks or less
- adoption leave - and she works for you before and after the break she will satisfy employment rule
- paternity and parental leave - if the employee took paternity leave when they were adopting a child or when a baby was born and they worked for you before and after the break she will satisfy employment rule
- pregnancy - if your employee was not working for you because of a birth, and she worked for you before and after the break, and the break is not more than 26 weeks.

Employees with an ongoing contract of service during such breaks would remain continuously employed.

All other rules for SMP apply.

Employee leaves job after the start of the Qualifying Week or when the baby is born

Your employee cannot get maternity leave if they have left their job but may still qualify for pay.

It does not matter why she left or that she is not coming back - she is entitled to SMP if she satisfies the qualifying conditions.

If your employee starts work for a new employer before her baby is born, you are still liable to pay SMP.

There are special rules for when you start to pay. Find the date of the Sunday of the 11th week before the week baby due using the tables on pages 31 and 32.

If she leaves before that date the SMP pay period starts on the Sunday of the 11th week before the week baby due unless the baby is born before then, in which case, the SMP pay period will start the day after the date the baby is born.

If she leaves her employment after the start of the 11th week, and before any other event which may trigger her pay, then the pay period starts the day following the day on which she left her employment.

Baby born in or before the Qualifying Week

If the baby is born in or before the Qualifying Week, there are special rules for all four of the terms and conditions.

The employee has to:

- give you medical evidence of the date the baby is due
- have been continuously employed by you for the required period
- have AWE high enough in the relevant period
- give you acceptable notice for start of SMP.

Evidence

Your employee should give you medical evidence of the date the baby was expected to be born as well as the actual date of birth.

This is usually the form MATB1 *Maternity Certificate*. But you can accept any document signed by a doctor or midwife as long as a date or expected date is provided. You can also accept a birth certificate as evidence of the date of birth.

Your employee should give you the evidence within 21 days of the start of her SMP pay period or as soon as she can but no later than 13 weeks after the start of the SMP pay period.

Continuous employment rule

If the baby is born before or during the Qualifying Week, the continuous employment rule is satisfied if she would have completed 26 weeks continuous employment with you had it not been for the baby's early birth.

Does your employee earn enough?

If your employee has earnings, which vary from week to week, you must work out her AWE. This is because you must pay her 90% of the average weekly amount for the first six weeks. Use the weekly checksheet on page 20 or the monthly checksheet on page 21 but change step 1 and step 2, as shown below.

Step 1

Enter the baby's date of birth.

Step 2

Find the date of the Saturday before the date of birth.

Follow the rest of the steps.

When you decide whether your employee earns enough or not, compare the amount in step 8 (weekly) or step 9 (monthly) with the amounts shown on pages 20 and 21. The total AWE should be compared to the LEL on the Saturday before the actual date of birth.

When should your employee give you dates for pay and periods of leave?

For pay she must give notice within 28 days of the date of birth or as soon as she can if she cannot do it within the 28 days.

For leave she should give notice as soon as reasonably practicable, for further information go to www.businesslink.gov.uk/workandfamilies

You should confirm when you expect her back, see sample letter on page 28 or on the Employer CD-ROM. If she does not choose to take her full leave entitlement she must give you eight weeks notice of when she intends to start work again.

Start of leave and payment

Maternity leave and the SMP pay period start on the day after the date of birth.

Premature or early birth

If the baby is born early there are special rules for when your employee needs to give you evidence and when you start to pay. All the other terms and conditions apply.

Your employee will not have been able to give you advance notice, but they must tell you the date of birth as soon as possible.

Evidence

Your employee should give you medical evidence of the date the baby was due and the date of birth. This is usually the form MATB1 *Maternity Certificate*. You can accept a birth certificate as evidence of the date of birth.

Your employee should give you the evidence within 21 days after the date of birth, or as soon as she can if this is not possible and not later than 13 weeks after the start of the SMP pay period.

Start of leave and payment

The maternity leave and SMP pay period starts on the day after the date of birth. All the other rules on payment apply.

Stillbirth

Your employee is entitled to SMP and maternity leave if the baby is stillborn in or after the 25th week of pregnancy. To apply this rule you should treat the 16th week before the week baby due date as being the 25th week of pregnancy. The rules are the same as for a live birth.

If the baby is stillborn before the 25th week of pregnancy SMP is not payable.

If a baby is born alive but survives only for an instant, it is a live birth whenever it is born and you should apply the rules for a live birth.

The baby dies

If the baby dies during the SMP pay period, payment should continue as normal.

Pregnancy-related absence

If the employee is absent from work because of her pregnancy and the absence continues into or starts within the four-week period starting on the Sunday of the 4th week before the week baby due, see the tables on pages 31 and 32, there are special rules for when her leave starts and when you start to pay.

The SMP pay period and her maternity leave start on the day after the first complete day of absence from work because of her pregnancy within the four-week period. This may mean that you have to pay a mixture of wages and SMP at the beginning or end of the period.

If you are not sure whether the employee's absence is caused by her pregnancy contact your local HMRC office or the Employer Helpline for advice on **08457 143 143**.

Employee becomes sick

If the employee becomes sick during the SMP pay period do not pay her Statutory Sick Pay (SSP) but continue to pay her SMP as normal.

If the employee returns to work within the maternity pay period and then goes sick during that period, SMP is payable and not SSP.

For further information about SSP and conditions of entitlement, see E14(2010) *Employer Helpbook for Statutory Sick Pay*.

You take over a business

If you take over a business or part of a business and the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply, then continuity of employment is not broken. The Transfer of Undertakings (Protection of Employment) Regulations 2006 are often referred to as the TUPE Regulations.

The regulations apply when you take over an economic entity (a business, part of a business or a service provision) and take over the contracts of employment of the employees being transferred with the business. The 'employee liability information' which the transfer or employer must provide will give the identities of those employees being transferred with the business.

If you are not sure if the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply contact Acas at www.acas.org.uk or phone **08457 47 47 47** or in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9032 1442**.

If the regulations do not apply, continuity of employment may still be not broken when:

- a teacher in a school maintained by a local education authority moves to another school maintained by the same authority, including maintained schools where the governors of the school, rather than the local education authority, are the teacher's employer
- one corporate body takes over from another as the employer by or under an Act of Parliament
- the employer dies and their personal representative or trustees keep the employee on
- there is a change in the partners, personal representatives or trustees
- the employee moves from one employer to another and at the time of the move the two employers are associated, for example
 - one is controlled by the other either directly or indirectly, or
 - both companies are controlled by a third party, either directly or indirectly.

If continuity of employment is not broken the employee can get SMP. This applies as long as she worked for you and the previous employer during the period you worked out using the tables on pages 31 and 32.

If continuity of employment is broken and:

- you take on the business after the start of the Qualifying Week, the previous employer must pay SMP to the employee if she was employed by the previous employer in the Qualifying Week. The woman is still entitled to 52 weeks maternity leave
- you take on the business before the start of the Qualifying Week, the employee cannot get SMP (the woman will be entitled to maternity leave).

All the other rules apply. The tables for working out the periods to use are on pages 31 and 32.

You cease to trade

If you cease to trade you remain liable to pay any outstanding SMP payments until your employee has received their full entitlement or their entitlement ends for one of the reasons outlined throughout this helpbook.

You become insolvent

If you become insolvent during the SMP pay period, HMRC will pay your employee's SMP from the date of the insolvency.

You should tell your employees to contact the HMRC Statutory Payments Disputes Team on **0191 22 55221**. It will help if you or the administrator, liquidator or other similar officer can let us know which of your employees are affected so we can pay them as soon as possible.

Quick method for calculating Average Weekly Earnings (AWE)

If your employee earns:

- less than £95.00 gross a week for a baby due between 19 July 2009 and 17 July 2010, or
 - less than £97.00 gross a week for a baby due between 18 July 2010 and 16 July 2011
- they will not qualify for SMP. Go to the 'Does your employee earn enough?' section below.

If your employee sometimes earns more or less than £97.00 you must work out their AWE. Use the weekly checksheet below or the monthly checksheet on page 21.

Checksheet for weekly paid – how to work out AWE

To work out AWE you must:

- always use the relevant period – worked out using the checksheet
- only include earnings paid in the relevant period.

To work out AWE for employees paid in weeks or multiples of a week	
1. Find the date baby is due.	<input type="text" value="/ /"/>
2. Find the date of the Saturday in the Qualifying Week.	<input type="text" value="/ /"/>
3. Find the date of the last normal payday on or before that Saturday. This is the last day of the relevant period.	<input type="text" value="/ /"/>
4. Count back to the payday at least eight weeks from the date in 3 and come forward one day, for example, if the payday is 22 June, enter 23 June. This is the first day of the relevant period.	<input type="text" value="/ /"/>
5. Add together the earnings paid in between the dates at 4 and 3 (inclusive).	<input type="text" value="£"/>
6. Divide the figure at 5 by the number of whole weeks in the relevant period.	<input type="text" value="£"/>

(Do not round up or down to whole pence; use the unrounded amount to decide if your employee's earnings are high enough.)

Does your employee earn enough?

If the amount at 6:

- is at least £95.00 gross a week for babies due between 19 July 2009 and 17 July 2010, or
- is at least £97.00 gross a week for babies due between 18 July 2010 and 16 July 2011

then your employee earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, they don't qualify for SMP. You should give them form SMP1 *Why I cannot pay you SMP*. Take a copy of the form MATB1 *Maternity Certificate* and give the original back to her.

If your employee earns enough, go to page 9 for 'Has your employee given you sufficient notice?'

Weekly paid employee without whole number of weeks in the relevant earnings period

This usually happens when you have to bring your employee's normal payday forward because of Bank Holidays at Easter or Christmas.

Follow Steps 1 to 5 of the weekly checksheet above.

At 6 divide the figure in 5 by the number of weeks' wages actually paid.

Employees paid in multiples of a week

Use the weekly checksheet above. At step 6 you must still divide the figure in step 5 by the number of whole weeks in the relevant period, even if your employee did not work for some of the weeks.

Employees paid monthly

Use checksheet on page 21 to work out their AWE.

Mistimed payments

It is important that the following provision is only applied to regular payments of earnings paid other than on their normal date.

This usually happens when you pay holiday pay in advance.

Follow Steps 1 to 5 of the weekly checksheet above.

At 6 divide the figure in 5 by the number of weeks' wages actually paid.

Checksheets for monthly paid – how to work out AWE

To work out AWE you must:

- convert monthly pay into an average weekly amount
- always use the relevant period - worked out using the checksheet
- only include earnings from the relevant period.

To work out AWE for employees paid monthly	
1. Find the date baby is due.	<input type="text" value="/ /"/>
2. Find the date of the Saturday in the Qualifying Week.	<input type="text" value="/ /"/>
3. Find the date of the last normal payday on or before that Saturday. This is the last day of the relevant period.	<input type="text" value="/ /"/>
4. Count back to the payday at least eight weeks from the date at 3 and come forward one day, for example, if the payday is 22 June, enter 23 June. This is the first day of the relevant period.	<input type="text" value="/ /"/>
5. Add together the earnings paid in between the dates at 4 and 3 (inclusive).	£ <input type="text"/>
6. Work out how many whole months there are between the dates in 4 and 3 (inclusive). If there is not a whole number of months see 'Rounding to the nearest whole month when there are not a whole number of months in the relevant period' below.	<input type="text"/>
7. Divide the figure in 5 by the number of whole months in 6.	£ <input type="text"/>
8. Multiply the figure in 7 by 12.	£ <input type="text"/>
9. Divide the figure in 8 by 52.	£ <input type="text"/>
(Do not round up or down to whole pence; use the unrounded amount to decide if your employee's earnings are high enough.)	

Does your employee earn enough?

If the amount at 9:

- is at least £95.00 gross a week for babies due between 19 July 2009 and 17 July 2010, or
- is at least £97.00 gross a week for babies due between 18 July 2010 and 16 July 2011

then your employee earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, they don't qualify for SMP. You should give them form SMP1 *Why I cannot pay you SMP*. Take a copy of the form MATB1 *Maternity Certificate* and give the original back.

If your employee earns enough, go to page 9 for 'Has your employee given you sufficient notice?'

Rounding to the nearest whole number of months when there isn't a whole number of months in the relevant period

When you get to Step 6 work out the number of rounded months as follows:

- count the number of whole months
- count the number of odd days
- round the number of odd days up or down in line with these rounding rules.

If the date at 3 is in:

- February round 14 days or less down and 15 days or more up
- any month except February round 15 days or less down and 16 days or more up.

Then use the number of rounded months at Step 6 and follow the rest of the steps above.

Employee not paid in a regular pay pattern

If you do not pay your employees in a regular pay pattern use the checksheet below.

Checksheet for employees not paid in a regular pay pattern

To work out AWE if you do not pay your employees in a regular pay pattern	
1. Find the date baby is due.	<input type="text" value="/ /"/>
2. Find the date of the Qualifying Week.	<input type="text" value="/ /"/>
3. Find the date of the last payday on or before that Saturday. This is the last day of the relevant period.	<input type="text" value="/ /"/>
4. Count back to the payday at least eight weeks from the date in 3 and come forward one day, for example if the payday is 22 June, enter 23 June. This is the first day of the relevant period.	<input type="text" value="/ /"/>
5. Add together the earnings paid in between the dates in 4 and 3 (inclusive).	<input type="text" value="£"/>
6. Work out the number of days between the dates in 4 and 3 (inclusive).	<input type="text"/>
7. Divide the figure in 5 by the number of days in 6.	<input type="text" value="£"/>
8. Multiply the figure in 7 by 7.	<input type="text" value="£"/>
(Do not round up or down to whole pence; use the unrounded amount to decide if your employee's earnings are high enough.)	

Does your employee earn enough?

If the amount at 8:

- is at least £95.00 gross a week for babies due between 19 July 2009 and 17 July 2010, or
 - is at least £97.00 gross a week for babies due between 18 July 2010 and 16 July 2011
- then your employee earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, they don't qualify for SMP. You should give them form SMP1 *Why I cannot pay you SMP*. Take a copy of the form MATB1 *Maternity Certificate* and give the original back to her.

If your employee earns enough, go to page 9 for 'Has your employee given you sufficient notice?'

Directors

Paid contractually

If the director is contractually paid a regular salary calculate their Average Weekly Earnings (AWE) like any other employee by using the checksheets on pages 20 or 21.

Paid both contractually and by formal vote

A director who is paid contractually may also be paid a bonus or fees by a formal vote. You must still calculate their AWE using the checksheets on pages 20 or 21. You should only include the monies voted by formal vote if the date of the vote falls in the relevant period.

Directors paid only by a formal vote

If the director is paid only by a formal vote calculate their AWE using the checksheet below. A formal vote usually takes place at the company's Annual General Meeting and is agreed in the company minutes.

Monies drawn in anticipation of a formal vote

Some directors may regularly draw money from the business in anticipation of a formal vote. **Do not include this money when working out the director's AWE, even if NICs were deducted at the time they were paid.**

Checksheet for directors paid only by a formal vote

1. Find the date baby is due.	<input type="text" value="/ /"/>
2. Find the date of the Saturday in the Qualifying Week.	<input type="text" value="/ /"/>
3. Find the date of the last formal vote on or before that Saturday. This is the last day of the relevant period.	<input type="text" value="/ /"/>
4. Count back at least eight weeks from the date in 3 until the date of the previous formal vote and come forward one day, for example if the date of the previous vote is 22 June, enter 23 June. This is the first day of the relevant period.	<input type="text" value="/ /"/>
5. Add together the money voted between the dates in 4 and 3 (inclusive). (Do not include any money drawn in anticipation of the vote.)	<input type="text" value="£"/>
6. Work out how many whole months there are between the dates in 4 and 3 (inclusive). If there is not a whole number of months see 'Rounding to the nearest whole month when there are not a whole number of months in the relevant period' on page 21.	<input type="text"/>
7. Divide the figure in 5 by the number of whole months in 6.	<input type="text" value="£"/>
8. Multiply the figure in 7 by 12.	<input type="text" value="£"/>
9. Divide the figure in 8 by 52. (Do not round up or down to whole pence; use the unrounded amount to decide if your director's earnings are high enough.)	<input type="text" value="£"/>

Does your director earn enough?

If the amount at 9:

- is at least £95.00 gross a week for babies due between 19 July 2009 and 17 July 2010, or
- is at least £97.00 gross a week for babies due between 18 July 2010 and 16 July 2011

then your director earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, they don't qualify for SMP. You should give them form SMP1 *Why I cannot pay you SMP*. Take a copy of the form MATB1 *Maternity Certificate* and give the original back to her.

If your director earns enough, go to page 9 for 'Has your employee given you sufficient notice?'

You take over a business in the relevant earnings period

If you:

- take over a business between the dates in 4 and 3 (inclusive) of the checksheets on pages 20 or 21, and
- have worked out that the employee has been employed by you and the previous employer long enough to get SMP, see 'You take over a business' on page 19. You **must** still add together all her earnings in between the dates in 4 and 3 (inclusive) even where some of them were paid by the previous employer.

Your employee has more than one job with you

If all the employee's earnings have to be added together to work out Class 1 NICs they have to be added together to work out the employee's AWE, and the employee can only get one lot of SMP.

If Class 1 NICs are worked out separately on the employee's earnings, then you **must** work out their AWE separately, and the employee can get more than one lot of SMP.

For more information on how to work out Class 1 NICs for employees with more than one job see the booklet CWG2(2010) *Employer Further Guide to PAYE and NICs*.

Overpayment/underpayment of earnings made during the relevant period

Where an overpayment or underpayment of wages was made within the relevant period, it is this overpaid or underpaid amount that must be included in the AWE calculation for deciding if SMP is due.

Salary sacrifice

If an employee has entered into a salary sacrifice with you their AWE is calculated using the amount of earnings actually paid to them during the relevant period. For more information on the rules for salary sacrifice see www.hmrc.gov.uk/specialist/salary_sacrifice.htm

Contractual benefits

For the purposes of calculating AWE for SMP the calculation is based on earnings which are subject to NICs. Further information is available on the treatment of childcare vouchers and other contractual benefits and expenses, see www.hmrc.gov.uk/payereporting-az.htm

Some schemes for childcare support provided by you and made available to your employees may be exempt from PAYE tax and Class 1 NICs.

The value of the childcare vouchers provided during the maternity pay period may not be deducted from the SMP.

Where an employee agrees to accept childcare vouchers as part of a salary sacrifice their SMP entitlement will be assessed on their gross earnings on which NICs are payable.

Employee does not qualify and some of their earnings are included in a PAYE Settlement Agreement

If your employee has AWE of less than:

- £95.00 for babies due between 19 July 2009 and 17 July 2010
- £97.00 for babies due between 18 July 2010 and 16 July 2011

and they received any expense payments or benefits in kind in the relevant period, which were included in a PAYE Settlement Agreement, you must recalculate their AWE.

For more information on PAYE Settlement Agreements and whether something is liable for Class 1 NICs, see the CWG2(2010) *Employer Further Guide to PAYE and NICs*.

Some of the employee's earnings are included in a PAYE Settlement Agreement and SMP is recalculated to take account of a pay rise

If you had to recalculate your employee's earnings because they did not qualify and:

- some of their earnings were included in a PAYE Settlement Agreement, and
- they then get a pay rise which means you have to work out your employee's SMP again

you must recalculate their AWE as shown on page 25.

If they do not intend to return to work after the birth they may still be entitled to benefit from the pay rise. You should check the terms of their old contract of employment with you.

Recalculating your employee's AWE

Step 1

Recalculate their AWE using the earnings paid in the relevant period as increased by the pay rise. **Do not include** any PAYE Settlement Agreement expense payments and benefits in kind at this stage.

If the new AWE amount is at least:

- £95.00 for babies due between 19 July 2009 and 17 July 2010
- £97.00 for babies due between 18 July 2010 and 16 July 2011

your employee's earnings are high enough to get SMP.

So:

- work out the total amount of SMP she is now entitled to
- take away any SMP you have already paid her
- pay any extra SMP due.

Your employee may not be entitled to any extra SMP because their AWE with the pay rise, excluding the PAYE Settlement Agreement earnings, are less than their original earnings. If this is the case, do nothing, your employee may continue to receive the SMP as originally calculated.

If the new AWE are less than the LEL go to Step 2.

Step 2

Recalculate their AWE using the earnings paid in the relevant period as increased by the pay rise and **include** the expense payments and benefits in kind.

If the new AWE amount is at least:

- £95.00 for babies due between 19 July 2009 and 17 July 2010
- £97.00 for babies due between 18 July 2010 and 16 July 2011

your employee's earnings are high enough to get SMP.

So:

- work out the total amount she is now entitled to
- take away any SMP you have already paid her
- pay any extra SMP due.

If the new AWE are less than the LEL shown above she still cannot get SMP. If you have not already done so give the employee form SMP1 *Why I cannot pay you SMP*. Take a copy of the form MATB1 *Maternity Certificate*, and give the original back to her.

Earnings in the relevant period where pay rise awarded before or during maternity leave

You must recalculate SMP Average Weekly Earnings (AWE) to take account of pay rises awarded, or which would have been awarded to a woman had she not been on maternity leave, if:

- you awarded a pay rise on or after 6 April 2005, or before that date had granted a pay rise which had not been put into payment by then, and
- the pay rise was effective from anytime between the start of the eight-week set period for calculating SMP and the end of the woman's statutory maternity leave. (This is Ordinary Maternity Leave and Additional Maternity Leave.)

If the effective date of the pay rise falls before the start of the set period but the earnings in the set period at the time SMP was originally calculated had not been adjusted to reflect that pay rise before the end of the set period:

- you must recalculate her AWE to include the pay rise as though it was effective from the beginning of the set period
- pay any extra Statutory Maternity Pay (SMP) due. If a pay rise is awarded which on recalculation means that her earnings are now high enough for her to get SMP when she could not before you should:
 - work out 90% of her AWE
 - take away the standard rate of SMP
 - pay her the difference for six weeks.

If 90% of her AWE is less than the standard rate you may not have to pay her anything.

This is because she may have received the balance of the SMP now due as Maternity Allowance from the Jobcentre Plus or in Northern Ireland the Jobs and Benefits office.

However, not all women are entitled to Maternity Allowance, or the Maternity Allowance she got may have been less than the SMP she is now entitled to. You should therefore ask her to get a letter from the Jobcentre Plus or in Northern Ireland the Jobs and Benefits office to confirm how much Maternity Allowance she received.

If your employee gives you a letter from the Jobcentre Plus office or in Northern Ireland the Jobs and Benefits office showing how much Maternity Allowance she got:

- work out the total amount of SMP she is entitled to
- take away the Maternity Allowance she was paid
- take away any SMP you have already paid her
- pay her the difference.

She should still benefit from a pay rise even if she does not intend to return to work with you after her maternity leave has ended.

If a pay award is made after she has terminated her employment and the pay rise is backdated into a time when she was working for you or was on maternity leave with you, she may be entitled to benefit from the pay rise. You should check the terms of her old contract of employment with you.

If more than one pay rise has been awarded during the above period you will need to perform separate calculations for each.

Your employee disagrees with your decision on their SMP entitlement

Written statement

If you decide not to pay SMP, for whatever reason, you should explain your decision to your employee.

If they do not agree, they have the right to ask for a written statement from you about:

- which weeks, if any, in the period that you regard SMP is payable for
- how much SMP you consider your employee is entitled to
- why you do not regard yourself as liable to pay SMP for other weeks in the period.

An employee can ask for a written statement at any time, and if the request is reasonable you must supply the statement within reasonable time, for example, within seven days of the request.

Formal decisions about SMP entitlement

If your employee does not agree with your decision about their SMP entitlement, they can ask HMRC to make a formal decision. An officer of HMRC can also ask for a formal decision on entitlement.

HMRC is the first of the authorities who decide questions on entitlement to SMP. In practice, such decisions are given judicially by authorised officers of HMRC. Their decisions are given strictly in accordance with the facts and the law.

Before asking for a formal decision from HMRC, your employee will be expected to have asked you for a written statement about their SMP position. They may also have discussed the problem with you.

Both you and your employee will be asked for observations in writing. Neither of you will be asked to appear before the officer making the decision. You can both give supporting evidence. In the event of an appeal, your evidence will be copied to your employee and vice versa.

The officer making the decision will send the formal decision to both of you. If the decision is that your employee is entitled to SMP, the decision will give the time limit by which you must pay the SMP. You will be given full details of your appeal rights with the notice of decision.

If either of you appeals, HMRC will notify the other party. If you appeal, the officer making the decision will try to discuss the case with you so that the appeal can be decided by agreement between you, the officer and your employee.

Any agreement reached about the payment or otherwise of SMP must comply with the appropriate legislation.

If all parties are unable to agree, The Tribunals Service will consider the appeal. You both have the right to appear in person and/or be represented at the hearing.

The Tribunals Service decisions are final, except that you can appeal on a point of law, with leave, to the Court of Appeal, or in Scotland, to the Court of Session or in Northern Ireland the Court of Appeal (NI).

If new facts come to light which affect the decision, the decision will be reviewed and, if appropriate, a revised decision will be issued. There are new appeal rights against this decision. It is therefore in everyone's interest to put all the facts before the officer making the decision in the first place.

SMP is due but not paid after a formal decision

If you fail to pay SMP within the legal time limit following a decision:

- by HMRC that SMP is due and you make no appeal, or
- by an independent tribunal that SMP is due at an appeal hearing, you may incur a civil penalty.

Penalties

Legislation provides that employers failing or refusing to operate the SMP scheme correctly can incur penalties. Like those in place for PAYE or NICs these penalties are civil (not criminal).

The penalties cover the following offences:

- a refusal by you to allow access to your records or a failure to comply with a formal information notice both of which attract a maximum penalty of £300 and £60 for each day the failure continues
- a failure to keep records could make you liable to a penalty up to a maximum of £3,000
- should you provide incorrect information or documents, either fraudulently or negligently, in response to a formal information notice the penalty is up to a maximum of £3,000
- if you fraudulently or negligently produce incorrect records the penalty is up to a maximum of £3,000
- any failure by you to give your employee the required information up to a maximum of £300 and £60 for each day the failure continues
- the provision of incorrect information either fraudulently or negligently to your employee could make you liable to a penalty up to a maximum of £3,000
- the refusal or repeated refusal or failure by you to pay SMP to your employee or the payment of an incorrect amount of SMP due to either fraud or negligence could make you liable to a penalty up to a maximum of £3,000
- obtaining, either fraudulently or negligently, incorrect funding could make you liable to a penalty up to a maximum of £3,000
- anyone who fraudulently or negligently makes an incorrect statement or declaration to establish entitlement to SMP could be liable to a penalty up to a maximum of £3,000.

Where it is considered that a penalty is appropriate it will be imposed by either an officer of HMRC or an independent tribunal, but in all cases there is a right of appeal.

Depending on the penalty type, appeals against a penalty raised by an officer of HMRC will be heard by an independent tribunal. Any appeal against a penalty determined by the tribunal (on a question of law or against the amount) will be to the Upper Tier Tribunal.

The outcome of any appeal could see the penalty upheld, varied or dismissed.

In addition to the above SMP penalties you also need to be aware that there is a new penalty regime for errors on returns and documents, initially for VAT, PAYE, National Insurance, Capital Gains Tax, Income Tax, Corporation Tax and the Construction Industry Scheme.

Example letters for acknowledging your employee's notice for SMP and leave

Use 'Text A' if she is entitled to SMP and 'Text B' if she is not entitled to SMP.

These letters are available on the Employer CD-ROM.

Text A

As we discussed, you qualify for 52 weeks maternity leave. Given your chosen start date of [insert date] your maternity leave will end on [insert date]. You qualify for 39 weeks' Statutory Maternity Pay (SMP).

Your SMP will be £[insert amount] from [insert date] to [insert date] and £[insert amount] from [insert date] to [insert date].

If you want to change the date your maternity leave/SMP starts you must, if at all possible, tell me at least 28 days before your proposed new start date or 28 days before [insert leave starts date] whichever is sooner.

If you decide to return to work before [insert date leave ends] you must give me at least eight weeks' notice.

If you decide not to return to work you must still give me proper notice. Your decision will not affect your entitlement to SMP. If you commence work with a new employer that did not employ you in the 15th week then SMP will cease.

As your employer I want to make sure that your health and safety as a pregnant woman are protected while you are working, and that you are not exposed to risk. I have already carried out an assessment to identify hazards in our workplace that could be a risk to any new, expectant or breastfeeding women.

If you have any questions about any aspect of your maternity pay and leave entitlements please do not hesitate to get in touch with me.

Text B

You do not qualify for SMP but as we have discussed, you are eligible for 52 weeks maternity leave. Given your chosen start date of [insert date] your maternity leave will end on [insert date].

The form SMP1 (enclosed) explains why you do not qualify for Statutory Maternity Pay (SMP). You may, however, be entitled to Maternity Allowance. Go to the Directgov website www.direct.gov.uk for more information or phone Jobcentre Plus on **08000 55 66 88**. Or in Northern Ireland the Jobs and Benefits office at [insert local details from the phone book], they will be able to tell you more.

If you want to change the date your maternity leave starts you must, if at all possible, tell me at least 28 days before your proposed new start date or 28 days before [insert leave starts date] whichever is sooner.

If you decide to return to work before [insert date leave ends] you must give me at least eight week's notice.

If you decide not to return to work you must still give me proper notice. Your decision will not affect your entitlement to SMP.

As your employer I want to make sure that your health and safety as a pregnant woman are protected while you are working, and that you are not exposed to risk. I have already carried out an assessment to identify hazards in our workplace that could be a risk to any new, expectant or breastfeeding women.

If you have any questions about any aspect of your maternity pay and leave entitlements please do not hesitate to get in touch with me.

Checksheet - if you were not an employer at all in the tax year before the employee's Qualifying Week.

1. Find the date baby is due.	<input type="text" value="/ /"/>
2. Find the date of the Sunday in the Qualifying Week.	<input type="text" value="/ /"/>
3. Identify the tax year in which the Sunday in the Qualifying Week falls.	<input type="text"/>
4. Identify the tax month before the Sunday in the Qualifying Week. Remember that tax months run from the 6th of one month to the 5th of the following month.	<input type="text"/>
5. Add together your liability for Class 1 NICs between the start of the tax year you identified at 3, or the first tax month for which you were liable for Class 1 NICs, and the tax month you identified at 4, inclusive.	<input type="text" value="£"/>
6. Work out the number of tax months between the start of the tax year you identified at 3, or the first tax month for which you were liable for Class 1 NICs and the tax month you identified at 4, inclusive.	<input type="text"/>
7. Divide the figure in 5 by the number of months in 6.	<input type="text" value="£"/>
8. Multiply the figure in 7 by 12.	<input type="text" value="£"/>

If the figure in 8 is £45,000 or less you are entitled to:

- 100% of the SMP, and
- 4.5% as compensation for the NICs you pay on the SMP.

If the figure in 8 is more than £45,000 you are entitled to 92% of the SMP.

Checksheet - if you were not an employer for the whole of 2008-09 and 2009-10

1. Add together your total Class 1 NICs for the tax months in that year.	<input type="text" value="£"/>
2. Work out the number of tax months you were an employer in that year. Count part months as whole months and remember that tax months run from the 6th of one month to the 5th of the following month.	<input type="text"/>
3. Divide the figure in 1 by the figure in 2.	<input type="text" value="£"/>
4. Multiply the figure in 3 by 12.	<input type="text" value="£"/>

If the figure in 4 is £45,000 or less you are entitled to:

- 100% of the SMP, and
- 4.5% as compensation for the NICs you pay on the SMP.

If the figure in 4 is more than £45,000 you are entitled to 92% of the SMP.

A list of countries in the European Economic Area (EEA)

Countries within the EEA are:

- Austria
- Belgium
- Bulgaria
- Cyprus
- Czech Republic
- Denmark, excluding Faroe Islands
- Estonia
- Finland
- France, including Guadeloupe, Martinique, Guiana, Réunion, Corsica and Saint-Pierre et Miquelon
- Germany
- Gibraltar
- Greece, including Macedonia, Thrace, Epirus, Thessaly, Continental Greece, the Peloponnese, the Dodecanese, the Cyclades, the Ionian Islands, the Aegean Islands and Crete
- Hungary
- Iceland
- Ireland, Republic of
- Italy, including Elba, Sicily, Trieste and Sardinia
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Netherlands, The
- Norway
- Poland
- Portugal, including the Azores and Madeira
- Romania
- Slovakia
- Slovenia
- Spain, including the Balearic Islands - Majorca, Minorca, Ibiza and Formentera, the Canary Islands, Chute and Melissa
- Sweden
- Switzerland - we treat Switzerland as part of the EEA, even though Switzerland has joined neither the European Union (EU) nor the EEA. This is because of an agreement between the EU and Switzerland.
- UK, including Wales, Scotland and Northern Ireland (but not the Channel Islands or the Isle of Man).

A complete set of tables showing important dates for SMP and maternity leave

Baby due between 4 April 2010 and 27 November 2010						
Week baby due		Qualifying Week		Latest start date for employment with you	Start of 11th week before the week baby due	Start of 4th week before the week baby due
Sunday	Saturday	Sunday	Saturday	Saturday	Sunday	Sunday
04/04/10	to 10/04/10	20/12/09	to 26/12/09	04/07/09	17/01/10	07/03/10
11/04/10	to 17/04/10	27/12/09	to 02/01/10	11/07/09	24/01/10	14/03/10
18/04/10	to 24/04/10	03/01/10	to 09/01/10	18/07/09	31/01/10	21/03/10
25/04/10	to 01/05/10	10/01/10	to 16/01/10	25/07/09	07/02/10	28/03/10
02/05/10	to 08/05/10	17/01/10	to 23/01/10	01/08/09	14/02/10	04/04/10
09/05/10	to 15/05/10	24/01/10	to 30/01/10	08/08/09	21/02/10	11/04/10
16/05/10	to 22/05/10	31/01/10	to 06/02/10	15/08/09	28/02/10	18/04/10
23/05/10	to 29/05/10	07/02/10	to 13/02/10	22/08/09	07/03/10	25/04/10
30/05/10	to 05/06/10	14/02/10	to 20/02/10	29/08/09	14/03/10	02/05/10
06/06/10	to 12/06/10	21/02/10	to 27/02/10	05/09/09	21/03/10	09/05/10
13/06/10	to 19/06/10	28/02/10	to 06/03/10	12/09/09	28/03/10	16/05/10
20/06/10	to 26/06/10	07/03/10	to 13/03/10	19/09/09	04/04/10	23/05/10
27/06/10	to 03/07/10	14/03/10	to 20/03/10	26/09/09	11/04/10	30/05/10
04/07/10	to 10/07/10	21/03/10	to 27/03/10	03/10/09	18/04/10	06/06/10
11/07/10	to 17/07/10	28/03/10	to 03/04/10	10/10/09	25/04/10	13/06/10
18/07/10	to 24/07/10	04/04/10	to 10/04/10	17/10/09	02/05/10	20/06/10
25/07/10	to 31/07/10	11/04/10	to 17/04/10	24/10/09	09/05/10	27/06/10
01/08/10	to 07/08/10	18/04/10	to 24/04/10	31/10/09	16/05/10	04/07/10
08/08/10	to 14/08/10	25/04/10	to 01/05/10	07/11/09	23/05/10	11/07/10
15/08/10	to 21/08/10	02/05/10	to 08/05/10	14/11/09	30/05/10	18/07/10
22/08/10	to 28/08/10	09/05/10	to 15/05/10	21/11/09	06/06/10	25/07/10
29/08/10	to 04/09/10	16/05/10	to 22/05/10	28/11/09	13/06/10	01/08/10
05/09/10	to 11/09/10	23/05/10	to 29/05/10	05/12/09	20/06/10	08/08/10
12/09/10	to 18/09/10	30/05/10	to 05/06/10	12/12/09	27/06/10	15/08/10
19/09/10	to 25/09/10	06/06/10	to 12/06/10	19/12/09	04/07/10	22/08/10
26/09/10	to 02/10/10	13/06/10	to 19/06/10	26/12/09	11/07/10	29/08/10
03/10/10	to 09/10/10	20/06/10	to 26/06/10	02/01/10	18/07/10	05/09/10
10/10/10	to 16/10/10	27/06/10	to 03/07/10	09/01/10	25/07/10	12/09/10
17/10/10	to 23/10/10	04/07/10	to 10/07/10	16/01/10	01/08/10	19/09/10
24/10/10	to 30/10/10	11/07/10	to 17/07/10	23/01/10	08/08/10	26/09/10
31/10/10	to 06/11/10	18/07/10	to 24/07/10	30/01/10	15/08/10	03/10/10
07/11/10	to 13/11/10	25/07/10	to 31/07/10	06/02/10	22/08/10	10/10/10
14/11/10	to 20/11/10	01/08/10	to 07/08/10	13/02/10	29/08/10	17/10/10
21/11/10	to 27/11/10	08/08/10	to 14/08/10	20/02/10	05/09/10	24/10/10

Baby due between 28 November 2010 and 28 May 2011

Week baby due		Qualifying Week		Latest start date for employment with you	Start of 11th week before the week baby due	Start of 4th week before the week baby due
Sunday	Saturday	Sunday	Saturday	Saturday	Sunday	Sunday
28/11/10	to 04/12/10	15/08/10	to 21/08/10	27/02/10	12/09/10	31/10/10
05/12/10	to 11/12/10	22/08/10	to 28/08/10	06/03/10	19/09/10	07/11/10
12/12/10	to 18/12/10	29/08/10	to 04/09/10	13/03/10	26/09/10	14/11/10
19/12/10	to 25/12/10	05/09/10	to 11/09/10	20/03/10	03/10/10	21/11/10
26/12/10	to 01/01/11	12/09/10	to 18/09/10	27/03/10	10/10/10	28/11/10
02/01/11	to 08/01/11	19/09/10	to 25/09/10	03/04/10	17/10/10	05/12/10
09/01/11	to 15/01/11	26/09/10	to 02/10/10	10/04/10	24/10/10	12/12/10
16/01/11	to 22/01/11	03/10/10	to 09/10/10	17/04/10	31/10/10	19/12/10
23/01/11	to 29/01/11	10/10/10	to 16/10/10	24/04/10	07/11/10	26/12/10
30/01/11	to 05/02/11	17/10/10	to 23/10/10	01/05/10	14/11/10	02/01/11
06/02/11	to 12/02/11	24/10/10	to 30/10/10	08/05/10	21/11/10	09/01/11
13/02/11	to 19/02/11	31/10/10	to 06/11/10	15/05/10	28/11/10	16/01/11
20/02/11	to 26/02/11	07/11/10	to 13/11/10	22/05/10	05/12/10	23/01/11
27/02/11	to 05/03/11	14/11/10	to 20/11/10	29/05/10	12/12/10	30/01/11
06/03/11	to 12/03/11	21/11/10	to 27/11/10	05/06/10	19/12/10	06/02/11
13/03/11	to 19/03/11	28/11/10	to 04/12/10	12/06/10	26/12/10	13/02/11
20/03/11	to 26/03/11	05/12/10	to 11/12/10	19/06/10	02/01/11	20/02/11
27/03/11	to 02/04/11	12/12/10	to 18/12/10	26/06/10	09/01/11	27/02/11
03/04/11	to 09/04/11	19/12/10	to 25/12/10	03/07/10	16/01/11	06/03/11
10/04/11	to 16/04/11	26/12/10	to 01/01/11	10/07/10	23/01/11	13/03/11
17/04/11	to 23/04/11	02/01/11	to 08/01/11	17/07/10	30/01/11	20/03/11
24/04/11	to 30/04/11	09/01/11	to 15/01/11	24/07/10	06/02/11	27/03/11
01/05/11	to 07/05/11	16/01/11	to 22/01/11	31/07/10	13/02/11	03/04/11
08/05/11	to 14/05/11	23/01/11	to 29/01/11	07/08/10	20/02/11	10/04/11
15/05/11	to 21/05/11	30/01/11	to 05/02/11	14/08/10	27/02/11	17/04/11
22/05/11	to 28/05/11	06/02/11	to 12/02/11	21/08/10	06/03/11	24/04/11

Further help and guidance

Further help and guidance for employers is available from the following sources.

The Internet

Go to www.hmrc.gov.uk/payee in the 'PAYE for employers' section where you'll find:

- a 'Getting started with PAYE' section for new employers
- advice on setting up and operating your payroll
- step-by-step guidance on filing your Employer Annual Return
- links to key PAYE forms, tools and publications.

Online services

For information about our online services go to www.hmrc.gov.uk/online

For help and assistance using our online services contact the Online Services Helpdesk:

- email helpdesk@ir-efile.gov.uk
- phone **0845 60 55 999** open 8.00am to 8.00pm seven days a week.

Your Employer CD-ROM

Your CD-ROM has:

- most of the forms and guidance you will need to run your payroll throughout the year
- a P11 Calculator that will work out and record your employees' tax, NICs and Student Loan deductions every payday with a linked P32 *Employer Payment Record* that works out what you need to pay us
- a range of other calculators that work out car and car fuel benefit, statutory payments and Student Loan deductions.

Employer Annual Return

Almost all employers are required to file their 2009-10 Employer Annual Return (P35 and P14s) online.

If you have used the P11 Calculator for all your employees during the year and have nine or less employees at 5 April you can send us your Employer Annual Return online direct from your Employer CD-ROM.

Starter and leaver information

You can also send starter and leaver information P45(Part 1), P45(Part 3), P46 and P46(Expat) online using the CD-ROM.

There is also:

- a Learning Zone to help you understand payroll topics such as statutory payments, Student Loan deductions and PAYE Online
- a PAYE for Employers section for new and less experienced employers explaining what to do when employing someone for the first time.

Your HM Revenue & Customs (HMRC) office

Your own HMRC office can also help you if you have a query about your PAYE scheme. All our office contact details are on our website, go to

www.hmrc.gov.uk/local/employers/index.htm

Please tell us your employer reference which you will find on correspondence from your HMRC office.

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(2010) *Employer Further Guide to PAYE and NICs*
- CWG5(2010) *Class1A NICs on benefits in kind*
- 480(2010) *Expenses and benefits - A tax guide*
- 490 *Employee travel - A tax and NICs guide for employers.*

You can view, download or order most of the helpbooks, booklets and other guidance from:

- our website go to www.hmrc.gov.uk/employers/emp-form.htm or
- your Employer CD-ROM.

Or you can order copies from the Employer Orderline by phoning **08457 646 646**.

Yr Iaith Gymraeg

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

Business Link

As an employer you will have wider issues to consider such as health and safety, working time and time off and so on. Business Link, managed by the Small Business Service, provides a wide range of information and various tools to help you.

For more information:

- go to www.businesslink.gov.uk
- phone **0845 600 9006**, 8.30am to 5.30pm Monday to Friday.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

Issued by

Customer Information Delivery

December 2009 © Crown Copyright 2009

Printed in the U.K. by Belmont Press. HMRC 12/09 MM

