



HM Revenue
& Customs

Employer Helpbook for Statutory Paternity Pay

To use for employees for babies born or children placed for adoption on or
after 4 April 2010

Includes 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/paye

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.

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Information

Further help

For more information about Statutory Paternity Pay (SPP) you can:

- contact any HMRC office for advice about entitlement to SPP and what your employee can do if they disagree with your decision not to pay SPP
- get advice on employment law at www.businesslink.gov.uk/workandfamilies

For further information on employment rights only (not SPP) 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**.

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 SPP may be entitled to other government help. Please tell them to contact their local Jobcentre Plus office or in Northern Ireland the Jobs and Benefits office.

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 reference to Labour Relations Agency (LRA) will be referred to as LRA, go to www.lra.org.uk

SPP rates

Pay the lower of:

- £124.88, or
- 90% of AWE for pay weeks commencing on or after 4 April 2010, the first Sunday in April.

At the time this helpbook was printed, changes in the rates for paying and recovering SPP for the 2010-11 tax 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 6 April 2010.

Statutory Paternity Pay (SPP) calculator

There is an easy and quick way to calculate SPP.

The SPP calculator is available on our website go to www.hmrc.gov.uk/calcs/stat-calcs.htm

The calculator will help you to work out if your employee is entitled to SPP and, if so, provide a schedule of the payments that you should make. It will also help you to work out if you are entitled to recover any of the SPP you have paid to your employees in each month.

Your Employer CD-ROM also includes a calculator. Go to 'Calculators' in the main menu. There is also a learning zone in your CD-ROM which will take you step by step through the process of paying and recovering SPP.

Additional Statutory Paternity Pay (ASPP)

As you may be aware, the government announced its intention to introduce Additional Statutory Paternity Pay (ASPP) for parents of babies due from April 2011. As the legislation is still subject to Parliamentary approval at the time of going to press (December 2009) we are unable to provide detailed guidance on the operation of the scheme in this edition of the helpbook.

If the legislation is passed by Parliament, further details will be provided via HMRC's web pages (look under 'What's New'), businesslink and via HMRC's Employer Helpline. Full guidance will be included in the next edition of this helpbook, in time for the April 2011 introduction.

ASPP is being introduced to help employees (usually fathers) take time off work to be with their new family when the mother or adoptive parent receiving Statutory Maternity Pay (SMP), Maternity Allowance (MA) or Statutory Adoption Pay (SAP) returns to work before the end of the Maternity/Adoption pay period. Qualifying employees will receive ASPP for the remaining weeks of the Maternity/Adoption period.

The qualifying period for ASPP is based on that for SPP, therefore employees who qualify for SPP and remain with that employer will qualify for ASPP. However, if an employee did not satisfy the employment and earnings conditions for SPP they will not qualify for ASPP.

As with the other statutory payments you will be responsible for administering the scheme and paying your employees the ASPP, which will be treated as earnings for Income Tax and NICs purposes.

You will also be able to recover some or all of the ASPP you pay to your employees in the same way as for SAP, SPP and SMP.

Paternity leave and pay

Information on paternity leave is available at www.businesslink.gov.uk/workandfamilies

Free confidential advice on employment law including paternity leave is available from Acas go to www.acas.org.uk or phone **08457 47 47 47**.

List of frequently asked questions

There is a list of frequently asked questions on SPP on the HMRC website, go to www.hmrc.gov.uk/employers/spp-faq.htm

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 SPP and paternity leave schemes
- guidance on employment law and paternity leave is produced by the Department for Employment and Learning, see **The Phone Book** for contact details or go to www.delni.gov.uk
- if your employee lives in the Republic of Ireland please contact the Employer Helpline on **08457 143 143**
- guidance on employment law is covered by the LRA. For more information go to www.lra.org.uk or phone **028 9032 1442**.

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 SPP records.

Employment rights

Employees who exercise their rights to SPP and paternity leave have a legal right to:

- protection against unfair treatment or dismissal
- return to work.

Information on paternity leave is available at www.businesslink.gov.uk/workandfamilies

For further information on employment rights, contact Acas at www.acas.org.uk or phone **08457 47 47 47** or in Northern Ireland the LRA at www.lra.org.uk or phone **028 9032 1442**.

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

Pay

As you work through the terms and conditions, if you decide that your employee is not entitled to SPP you will be told to issue a form SPP1 *Why I cannot pay you SPP*. This will explain to your employee why you cannot pay them and what they need to do to get other Government help. It is important that you give them this form as soon as possible to help them with their claim. If your employee disagrees they can ask us to give a formal decision. If this happens we will give you more information at the time.

Leave

If there is disagreement between you and your employee about their entitlement to 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.

Redundancy

If you make your employee redundant you are still liable to continue paying SPP providing all the qualifying conditions have been met.

For couples adopting together

If your employee is adopting the child with their partner, the couple must choose who gets the Statutory Adoption Pay (SAP) and adoption leave (see Employer Helpbook E16(2010) *Employer Helpbook for Statutory Adoption Pay*) and who gets the SPP and paternity leave. Information on the evidence required is on page 11.

Foster carers

SPP and paternity leave may be available to foster carers who go on to adopt a child only if they satisfy the qualifying conditions:

- the adopter must have been matched with the child for adoption by an adoption agency, and
- the child will be placed with them for adoption.

Terms and conditions used in this helpbook

Using this helpbook

Statutory Paternity Pay (SPP) can be for the birth of a child or for the adoption of a child. See Statutory Paternity Pay section on this page. This helpbook has been split into sections giving general information for all SPP and separate sections for SPP for birth and SPP for adoption.

We have used 'employee' throughout this helpbook when talking about people who can get SPP and paternity leave.

Employee

For SPP purposes an **employee** is a person whose earnings attract a liability for employer's secondary Class 1 National Insurance contributions (NICs), or would be but for your employee's age or level of their earnings. People who are classed as employed earners for Class 1 NICs liability, for example, agency workers, are also employees for SPP purposes.

A person who does not have an employer in the UK liable to pay secondary 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 SPP purposes.

Employer

For SPP 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.

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 SPP then you will be responsible for making the SPP payments.

If you are not sure who is an employee and who is an employer for SPP payments, phone the Employer Helpline on **08457 143 143**.

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 SPP. For 2010-11 the LEL is £97.00 weekly.

Statutory Paternity Pay (SPP)

This is a legal entitlement to a certain amount of pay to help an employee take time off to care for a baby or support the mother in the first few weeks after the birth, or to help an employee take time off after a child is placed with the adopter.

SPP for birth of a child is available to an employee who is a:

- biological father
- mother's husband, civil partner or partner (this includes mother's female partner in a same sex relationship), and who is taking time off to support the mother or care for the baby.

SPP for adoption of a child is available to an employee who is:

- someone adopting a child with their partner, or
- the partner of someone adopting a child on their own, and

the adoption is being arranged through an adoption agency in the UK, or for adoption from abroad involves UK authorities.

It is not available to someone who is a blood relative of the adopter, such as the adopter's parent, grandparent, sister, brother, aunt or uncle or for privately arranged adoptions completed abroad that do not involve the UK authorities.

Paternity leave

The employee can choose to have one or two whole weeks pay and leave. This must be taken in a single block by the 56th day either:

- after the date of birth or if the baby is born early it can be taken any time from the actual date of birth to the end of an eight-week period running from the day after the Sunday of the week the baby was due, or
- from the date the child is placed for adoption.

An employee does not have to qualify for SPP to get paternity leave, but most will get both.

Civil partners

For SPP purposes the same rules apply to married couples and civil partners.

Matching date

The Matching date is when the adoption agency told the employee that he or she had been matched with a child.

Matching week

The Matching week is the week when the adoption agency told the employee that he or she had been matched with a child.

Week baby due

The week baby due is the week in which the expected date of the baby's birth falls, starting with the preceding Sunday and ending on the following Saturday. If the birth date falls on a Sunday, that date is the first day in the week baby due.

Qualifying week

The Qualifying week is the 15th week before the week baby due, see tables on pages 54 and 55.

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.

Specific employments

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 employee's earnings then you will have to pay them SPP if they satisfy all of 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.

Agency workers

See 'Length of employment' on page 12 for SPP birth and page 30 for SPP adoption. If they were placed with clients by you in every week, they can get SPP. If they were not placed with clients by you in every week, and particularly in the Matching week (SPP adoption) or Qualifying week (SPP birth) you need to check why not. They can still get SPP if:

- you did not have work to offer them, or
- you did offer work but the employee was unavailable because of sickness, injury, paternity leave, adoption leave, parental leave or paid holiday.

If they did not work because they were sick, then to get SPP they must do some more work for a client through you within 26 weeks of their first day of sickness.

If they did not work in the Matching week (SPP adoption) or Qualifying week (SPP birth), then to get SPP they must do some more work for a client through you before starting their paternity absence.

Leave

Agency workers who are not employed under a contract of employment are not entitled to leave. If you are not sure whether a 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**.

Casual employees, supply teachers, seasonal workers or other sporadic employment

Generally the same rules apply as for agency workers, but if they are:

- sick throughout the Matching week (SPP adoption) or Qualifying week (SPP birth), or
 - not required to work during those weeks
- they can be treated as having worked in the Matching week (SPP adoption) or Qualifying week (SPP birth). This applies even if they do not resume work before commencing paternity absence.

Leave

Casual employees are entitled to paternity leave if they satisfy all the qualifying conditions. If you are not sure whether a casual employee is entitled to leave, contact Acas at www.acas.org.uk or phone **0845 47 47 47** or in Northern Ireland contact the LRA at www.lra.org.uk or phone **028 9032 1442**.

Mariners

Mariners can get SPP 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 re-organisation, can choose to have all their earnings added together for working out AWE for SPP purposes. For further information phone 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 may not satisfy the continuous employment rule for SPP purposes, unless it is the same NHS Trust. For more advice email doctorsanddentists@nhsemployers.org

Forms you may need to use

HMRC forms are available from:

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

SC3 Becoming a parent

Use this form to tell your employee about the terms and conditions relating to SPP. This includes a statement for your employee to tell you about dates and leave, with a declaration. You must have this declaration before you can make payments.

SC4 Becoming an adoptive parent

Use this form to tell your employee about the terms and conditions relating to SPP. This includes a statement for your employee to tell you about dates and leave, with a declaration. You must have this declaration before you can make payments.

SC5 Statutory Paternity Pay and paternity leave when adopting from abroad

Use this form to tell your employee the terms and conditions relating to entitlement to SPP and paternity leave when adopting from abroad. This includes a statement for your employee to tell you about dates and leave, with a declaration. You must have this declaration before you can make payments.

SPP1 Why I cannot pay you SPP

Use this form to tell your employee why they are not entitled to SPP.

SPP2 Statutory Paternity Pay record sheet

Use this form to keep a record of statutory paternity payments and any changes in dates.

All HMRC paternity 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.

Using your own versions of the paternity forms

You can produce your own computerised or paper versions of these forms. There is no formal approval process.

SC3 *Becoming a parent*

It must include your employee's name and National Insurance number and a declaration that they:

- intend to support the mother or care for the child, and
- have or expect to have responsibility for the upbringing of the child, and
- are either
 - the baby's biological father, or
 - married or in a civil partnership with the baby's mother, or
 - living with the mother in an enduring family relationship, but are not an immediate relative.

It must also include:

- the expected date of birth, and in cases where the baby has been born, the date of birth
- the date from which the employee wants to be paid SPP
- whether the employee wants to be paid one week or two.

SC4 *Becoming an adoptive parent*

It must include your employee's name and National Insurance number and a declaration that they:

- have chosen not to receive Statutory Adoption Pay (SAP) and adoption leave if they are adopting the child together with their partner
- intend to support the adopter or care for the child
- have or expect to have responsibility for the upbringing of the child, and
- are either
 - married to, or a civil partner of, the adopter, or
 - living with the adopter in an enduring family relationship, but are not an immediate relative.

It must also include:

- the date the adoption agency told the adopter that they had been matched with the child
- the date the child is expected to be placed, and the actual date the child is placed, if this is different
- the date from which the employee wants to be paid SPP
- whether the employee wants to be paid one week or two.

SC5 *Statutory Paternity Pay and paternity leave when adopting from abroad*

The evidence must contain a declaration that they:

- have the prescribed relationship with the adopter and the child
- intend to support the adopter or care for the upbringing of the child
- are not also claiming SAP.

The evidence must also contain:

- the employee's name
- the date the child is expected to enter the UK or the actual date of entry
- the date the adopter was sent the official notification
- the date from which the employee wants to be paid SPP
- whether the employee wants to be paid one week or two.

SPP1 *Why I cannot pay you SPP*

It must include:

- your employee's name, address and National Insurance number
- the reason why you think you cannot pay SPP, or
- if you have made some payment, but do not think you should make any more
 - the reason why you have not paid
 - the date you stopped paying.

It will help your employee if you also include information about what they should do:

- if they disagree with your decision
- to claim Government help.

SPP2 *Statutory Paternity Pay record sheet*

It must include:

- your employee's name and National Insurance number
- a record of the payment dates and the amount paid
- the date the SPP pay period began
- a record of any unpaid SPP, with reasons for non-payment.

For SPP for birth you may also find it helpful to record:

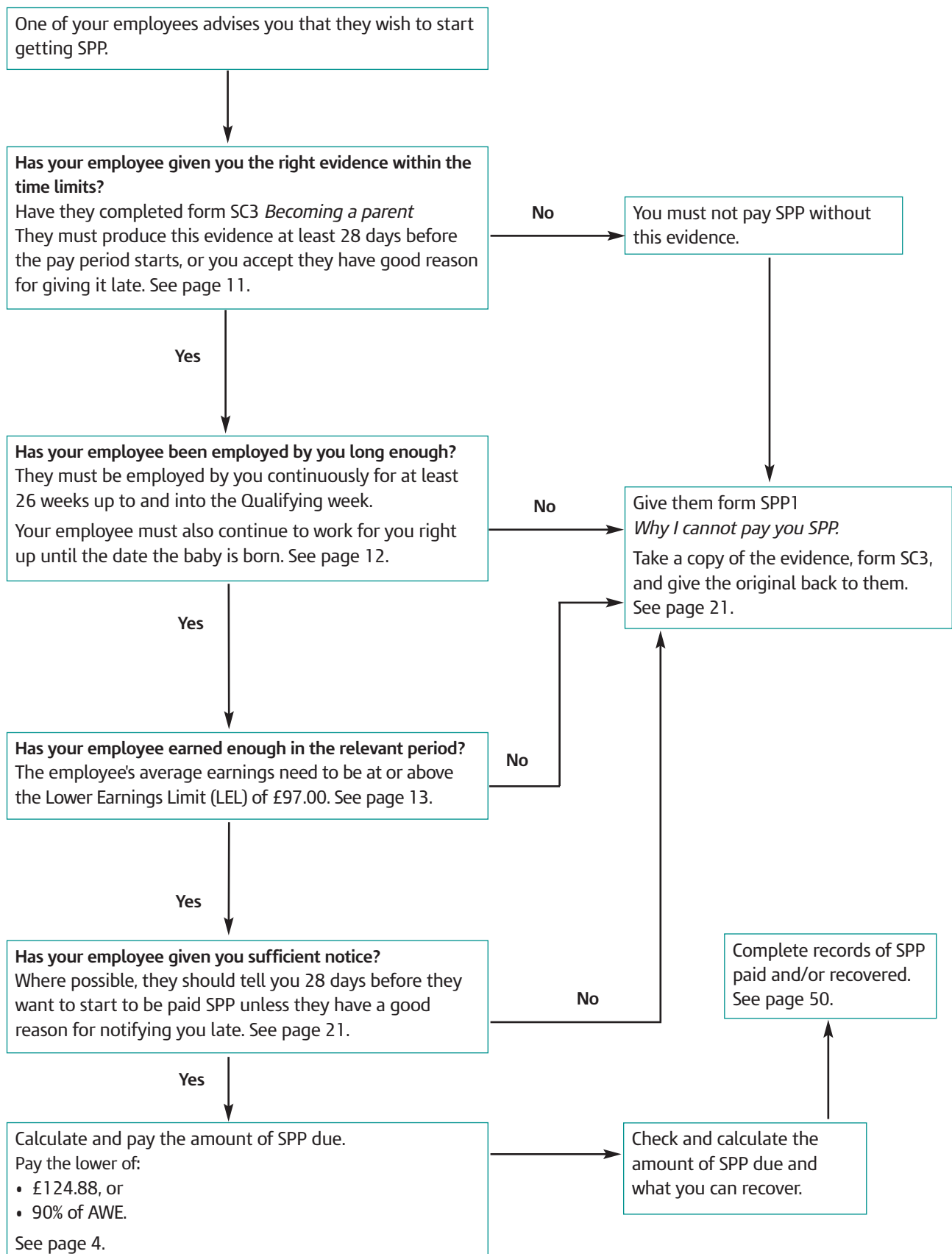
- the week baby due
- the Qualifying week
- the baby's date of birth
- the date your employee told you they planned to start his paternity leave
- if your employee changed his mind, when he told you the new date they wanted to start their leave, and the new date.

For SPP for adoption you may also find it helpful to record:

- the date the adopter was told by the adoption agency that they had been matched with a child
- the date the child was expected to be placed
- the date the child was placed
- the date your employee told you they planned to start their paternity leave
- the date they planned to start their paternity leave
- if your employee changed their mind, when they told you the new date they wanted to start their leave, and the new date.

Statutory Paternity Pay (SPP) for birth

Flowchart - Operating the SPP scheme for birth



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

Declaration of family commitment - becoming a parent

Give the employee form SC3 *Becoming a parent* which advises them of the terms and conditions relating to SPP and paternity leave.

It also has a section for a declaration of family commitment.

You must not pay SPP without a declaration.

You must not ask for medical evidence of the pregnancy.

Employee gives declaration

See the 'Length of employment' section on page 12.

Employee does not give declaration

Tell your employee that you cannot pay them without the declaration and they will need a good reason if the declaration is made late.

Time limits

The time limit for producing evidence to get pay is 28 days before the start of the 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 the SPP pay period.

Has your employee been employed by you long enough?

Length of employment

The length of time your employee must have worked for you to get SPP and paternity leave is split into two and both conditions must be met.

Tables showing the week baby due date, the latest start date for employment with you and the Qualifying week are on pages 54 and 55.

Step 1

The employee must work every week from the latest start date for employment with you. If they started work after that date they do not qualify. Give your employee form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC3 *Becoming a parent*, and give the original back to them.

Step 2

The employee must continue to work for you in every week from the Qualifying week right up until the baby is born. If they stop working for you before the baby is born they are not entitled to SPP or paternity leave.

A week, in this instance, means Sunday to Saturday. Count part weeks as full weeks.

Employee works abroad

The length of time the employee must have worked for you to get SPP is split into two.

Step 1

Where they work 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 they can get SPP, if you were liable to pay Class 1 NICs on their earnings throughout that period.

They can still get SPP if you would have been liable to pay Class 1 NICs had their earnings been high enough.

If you were not liable to pay Class 1 NICs throughout that period and your employee worked for you in the European Economic Area (EEA) they may still be able to get SPP (for a list of EEA countries, see page 53).

Where your employee 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

they can get SPP if:

- they worked for you in the UK in the Qualifying week, and
- you were liable to pay Class 1 NICs on their earnings for that week.

They can still get SPP if you would have been liable to pay Class 1 NICs had their earnings been high enough.

Step 2

To get SPP your employee must continue to work for you from the Qualifying week right up until the baby is born. It does not matter where they work, or whether you are liable to pay Class 1 NICs.

All other SPP rules apply.

Leave

Employees who work outside the UK but within the EEA may be entitled to paternity leave under UK law.

For more information please 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**, or seek independent legal advice.

Has your employee earned enough in the relevant period?

What counts as earnings?

Use the amount actually paid before deductions such as PAYE, NICs and pension contributions. Average Weekly Earnings (AWE) should include all earnings that attract a Class 1 NICs liability, or would if they were high enough. Such earnings would consist of:

- any salary or wages (including cash allowances - for example, car allowance) and money paid in the period earned outside the period, such as holiday pay, overtime and lump sums paid for arrears of pay
- any other element of the person's earnings which are chargeable to Class 1 NICs (including in very limited circumstances Class 1B)
- share or share options
- retail and other vouchers (where the cost is taxable under the P11D procedure and subject to Class 1 NICs)
- Statutory Sick Pay
- Statutory Maternity Pay
- Statutory Paternity Pay
- Statutory Adoption Pay.

Statutory Paternity Pay (SPP) depends on your employee's AWE in a relevant period. See the quick method on page 15 to find out if they qualify. But if you are in any doubt, or your employee disagrees with your decision, you must work through the detailed check on pages 15 or 16. When you work out how much you pay, look at when the pay week began.

For help online go to www.hmrc.gov.uk/calcs/sppb.htm for an interactive SPP calculator or have a look on your CD-ROM where you will find a calculator and a learning program to help you understand your SPP responsibilities.

Where a salary sacrifice arrangement is in place see paragraph on page 19.

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

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 eight weeks before 05/11/10

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 5 November 2010

AWE - Total earnings £970.21 ÷ 8 = **£121.27625**

Do not round this AWE 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 eight weeks before 29/10/10

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 from 1 September 2010 to 29 October 2010

AWE - Total earnings = £1,409.30 ÷ 2 = £704.65 × 12 = £8,455.80 ÷ 52 = **£162.61153**

Do not round this AWE figure up or down to whole pence.

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 SPP. Go to the 'Does your employee earn enough?' section below.

If your employee sometimes earns more or less than £97.00 gross a week you must work out their AWE.

Use the weekly checksheet below or the monthly checksheet on page 16.

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 from the relevant period.

To work out AWE for employees paid in multiples of a week, for example, weekly, fortnightly or other multiples of a week if you do not pay your employees in a regular pay pattern

1. Find the date the baby is due.

2. Find the date of the Saturday in the Qualifying week.
(Use the tables on pages 54 and 55.)

3. Find the date of the last normal payday on or before that Saturday.
This is the last day of the relevant period.

4. Count back to the payday at least eight weeks before 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.**

5. Add together the earnings paid in-between the dates at 4 and 3 (inclusive).

6. Divide the figure at 5 by the number of whole weeks in the relevant period.

(Don't round up or down to whole pence; use the unrounded amount to decide if the employee's AWE 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, refer to the guidance on pages 19 and 20.

If they still don't qualify for SPP, you should:

- give them form SPP1 *Why I cannot pay you SPP*
- take a copy of the declaration on form SC3 *Becoming a parent* and give the original back to them.

If your employee earns enough, go to page 21 for 'When should your employee give you dates for pay and leave?'

Checksheet for monthly paid - how to work out AWE

To work out AWE you must:

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

To work out AWE for employees paid monthly	
1. Find the date the baby is due.	<input type="text" value="/ /"/>
2. Find the date of the Saturday in the Qualifying week. (Use the tables on pages 54 and 55.)	<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. 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 the paragraph 'Rounding to the nearest whole month when there is 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" value="£"/>
8. Multiply the figure at 7 by 12.	<input type="text" value="£"/>
9. Divide the figure in 8 by 52.	<input type="text" value="£"/>
(Don't round up or down to whole pence; use the unrounded amount to decide if the employee's AWE 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, refer to the guidance on pages 19 and 20. If they still don't qualify for SPP, you should:

- give them form SPP1 *Why I cannot pay you SPP*
- take a copy of the declaration on form SC3 *Becoming a parent* and give the original back to them.

If your employee earns enough, go to page 21 for 'When should your employee give you dates for pay and leave?'

Rounding to the nearest whole month when there is not 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 the following 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 employee in a regular pay pattern	
1. Find the date the baby is due.	<input type="text" value="/ /"/>
2. Find the date of the Saturday in the Qualifying week. (Use the tables on pages 54 and 55.)	<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 that is at least eight weeks before 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="£"/>
(Don't round up or down to whole pence; use the unrounded amount to decide if the employee's AWE 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, refer to the guidance on pages 19 and 20.

If they still don't qualify for SPP, you should:

- give them form SPP1 *Why I cannot pay you SPP*
- take a copy of the declaration on form SC3 *Becoming a parent* and give the original back to them.

If your employee earns enough, go to page 21 for 'When should your employee give you dates for pay and leave?'

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 15 or 16.

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 15 or 16. 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

To work out AWE for directors paid only by a formal vote

1. Find the date the baby is due.

2. Find the date of the Saturday in the Qualifying week.
(Use the tables on pages 54 and 55.)

3. Find the date of the last formal vote on or before that Saturday.
This is the last day of the relevant period.

4. Count back to the payday that is 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 payday is 22 June, enter 23 June.
This is the first day of the relevant period.

5. Add together money voted between the dates in 4 and 3 (inclusive).
(Do not include any money drawn in anticipation of the vote.)

6. Work out how many whole months there are between the dates at 4 and 3 (inclusive). If there aren't a whole number of months see the paragraph 'Rounding to the nearest whole month when there is not a whole number of months in the relevant period' on page 16.

7. Divide the figure at 5 by the number of whole months in 6.

8. Multiply the figure at 7 by 12.

9. Divide the figure in 8 by 52.

(Don't round up or down to whole pence; use the unrounded amount to decide if the employee's AWE are high enough.)

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 employee earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, they don't qualify for SPP.

If they still don't qualify for SPP, you should:

- give them form SPP1 *Why I cannot pay you SPP*
- take a copy of the declaration on form SC3 *Becoming a parent* and give the original back to them.

If your employee earns enough, go to page 21 for 'When should your employee give you dates for pay and leave?'

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 on page 15. At Step 6 divide the figure in Step 5 by the number of weeks' wages in the payment.

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 on page 15. At Step 6 divide the figure in Step 5 by the number of weeks' wages actually paid.

Employees paid in multiples of a week

Use the weekly checksheet on page 15. 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 the monthly checksheet on page 16 to work out their AWE.

You take over a business in the relevant earnings period

If you:

- take over a business between the dates in Steps 4 and 3 (inclusive) of the weekly checksheet on page 15 or the monthly checksheet on page 16, and
- have worked out that your employee has been employed by you and the previous employer long enough to get SPP, see the paragraph 'You take over a business' on page 23.

You must still add together all their earnings in-between the dates in Steps 4 and 3 (inclusive) even where some of them were paid by the previous employer.

Your employee has more than one job with you

Your employee could have more than one job with you.

If you normally add all the employee's earnings together to work out Class 1 NICs, you would do the same to work out the employee's AWE, and the employee can only get one lot of SPP.

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 SPP.

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

Calculation of AWE is always based on all earnings actually paid within the relevant period, regardless of any overpayment or underpayment of wages made in that period.

This may mean an employee is eligible for SPP even if their AWE would otherwise have been below the Lower Earnings Limit (LEL), or they could be excluded where an underpayment of wages means their AWE falls below the LEL. Adjust any overpayment or underpayment of wages in the normal manner and note your wage records accordingly.

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 SPP, the calculation is based on earnings which are subject to NICs. Therefore the value of any benefits which are exempt from Class 1 NICs (such as some childcare vouchers) will not be included in the AWE calculation.

For more information on the treatment of childcare vouchers and other contractual benefits and expenses see www.hmrc.gov.uk/payereporting-az.htm

Earnings in the relevant period affected by a backdated pay rise

If your employee's entitlement to SPP is less than the standard rate, and they get a backdated pay rise which falls before the start of the relevant period, and the earnings in the relevant period at the time SPP was originally calculated had not been adjusted to reflect this pay rise before the end of the relevant period, you must:

- recalculate their AWE
- pay any extra SPP due.

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, or
- £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 may need to recalculate their AWE.

If any of these expense payments and benefits in kind would have been liable for Class 1 NICs if they had not been included in the PAYE Settlement Agreement, **you must recalculate** your employees AWE including these expense payments and benefits in kind.

PAYE Settlement Agreements are a more flexible way of dealing with some expense payments and benefits in kind. Earnings included in a PAYE Settlement Agreement are liable for Class 1B NICs.

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

Some of the employee's earnings are included in a PAYE Settlement Agreement and SPP is recalculated to take into account a backdated 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 increases the amount of earnings already paid in the relevant period for working out their AWE

you must recalculate their AWE as shown in the following paragraph.

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, or
- £97.00 for babies due between 18 July 2010 and 16 July 2011

your employee's earnings are high enough to get SPP. So:

- work out the total amount they are now entitled to
- take away any SPP you have already paid them
- pay any extra SPP due.

Your employee may not be entitled to any extra SPP because their AWE with the pay rise, excluding the PAYE Settlement Agreement earnings, are less than their original AWE. You can now include the PAYE Settlement Agreement earnings to see if they may be entitled to any extra SPP.

If the new AWE is 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, or
- £97.00 for babies due between 18 July 2010 and 16 July 2011

your employee's earnings are high enough to get SPP. So:

- work out the total amount of SPP they are now entitled to
- take away any SPP you have already paid them
- pay any extra SPP due.

If the new AWE is less than the LEL shown above they still cannot get SPP. Give your employee form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC3 *Becoming a parent*, and give the original back to them.

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

Leave

To qualify for paternity leave your employee should tell you when they expect to stop work by the Saturday of the Qualifying week (use tables on pages 54 and 55). Go to www.businesslink.gov.uk/workandfamilies for more information on paternity leave.

Pay

Notice for leave can also apply for pay. Your employee should give you 28 days notice for start of pay.

Notice for pay must include:

- expected date of birth and, where the birth has already occurred, the actual date of birth
- the date from which it is expected that pay will begin
- whether one or two weeks will be taken.

Notice for pay must be given in writing. You are not entitled to ask for evidence of the birth, but can ask to be informed of the date of the child's birth.

You should accept any delay in giving notice if the employee has good reason. Employers should allow sufficient flexibility of notice because of the possible differences between the expected date of birth and the actual date of birth.

Notice can be given:

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

Choosing dates

Your employee has the right to choose when they want to take pay and leave within a set period. They can choose to take one or two consecutive weeks leave, but not two separate weeks, any time up to eight weeks after the date of birth or, if the baby was born early, up to eight weeks after the Sunday of the week in which the baby was due.

You should discuss and agree a suitable start date for pay and leave with your employee. They may have had good reasons why they cannot give you proper notice, and if so you should accept them.

Change of mind

Your employee can change their mind about the date they wish their leave to start but should give you 28 days notice of their intended dates. Employers should allow sufficient flexibility of notice because of the possible differences between the expected date of birth and the actual date of birth.

Employee does not give acceptable notice

Pay and leave

If your employee did not give you acceptable notice and they have not got a good reason for being late, you can delay the start of leave and the pay period until you have had acceptable notice. However, employers should allow sufficient flexibility of notice because of the possible differences between the expected date of birth and the actual date of birth.

If your employee didn't give acceptable notice give them form SPP1 *Why I cannot pay you SPP*.

Take a copy of the evidence they give you and return the original.

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

Exceptions to the normal conditions for SPP for birth

Stillbirth

Your employee is entitled to SPP and paternity 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 the 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.

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.

They must still tell you when they want to take their paternity leave and pay and whether they want to take one or two consecutive weeks.

They can choose to take their leave any time between the actual date of birth and the end of an eight-week period running from the Sunday of the week the baby was originally due. See the tables on pages 54 and 55 to find the Sunday of the week the baby was originally due.

Evidence

If the baby was born before the employee was due to give you their completed form SC3 *Becoming a parent*, they should complete this form as soon as possible, confirming the date the baby was due and the date of the actual birth. The form also includes a section for declaration of family commitment. This evidence should be accepted as being on time for the earlier start of SPP. If they had already chosen the start date for their SPP but now need to change this to an earlier date, you should accept that they have given notice on time.

Your employee should give you completed form SC3 *Becoming a parent* as soon as they can and you should accept it as being on time for the earlier start of SPP.

You do not need a birth certificate or evidence of pregnancy.

Start of leave and payment

The SPP pay period always starts the day after the last day your employee worked before starting their paternity leave. Your employee must tell you when they want to stop work, see above.

All the other rules on payment apply.

If your employee does not meet any of these terms and conditions they are not entitled to SPP and you must give them form SPP1 *Why I cannot pay you SPP*.

Employee leaves job before paternity leave is taken

Your employee cannot get paternity leave if they have left their job but may still qualify for pay if they left after the date that the baby was born. If your employee stops work before the date of birth they are not entitled to SPP.

If your employee stops work after the date of birth, it does not matter why they left or that they are not coming back. They are entitled to SPP as long as they do not start work for a new employer during the SPP period.

If your employee can get SPP they should still give you 28 days notice of when they want to start to be paid if they can.

Start of payment

If the employment ends after the baby has been born but before the planned start of the SPP period, you may treat the SPP period as beginning on the day after the last day of employment. Your employee must tell you whether they want one or two weeks pay.

However, your employee may choose when to begin their SPP period between the actual date of birth and the end of an eight-week period running from the day after the baby is born or the day after the Sunday of the week the baby was originally due. See the tables on pages 54 and 55 for the Sunday of the week the baby was originally due.

If they leave to start work for another employer, they are not entitled to SPP during the SPP period.

All the other rules on payment apply.

Employees who leave before or during paternity leave

If your employee stops work before the date of birth they are not entitled to SPP.

If your employee stops work after the date of birth, it does not matter why they left or that they are not coming back - they are entitled to SPP as long as they do not start work for a new employer during the SPP period.

The SPP period normally starts the day after the last day your employee worked. Your employee must tell you whether they want one or two weeks pay.

If they leave to start work for another employer, they are not entitled to SPP from you if they worked for the new employer during the SPP period.

Reinstatement after dismissal

If your employee did not work for you during the period you worked out using the tables on pages 54 and 55:

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

they are entitled to SPP and paternity leave, as if they had not been dismissed.

All the other rules apply.

Reinstatement following service in the Armed Forces

If your employee did not work for you during the period you worked out using the tables on pages 54 and 55, because they were serving in the Armed Forces and they return to work for you within six months of the end of their service in the Forces under the Reserve Forces (Safeguard of Employment) Regulations, they may still be able to get SPP and paternity leave.

The length of time your employee must have worked to get SPP and paternity leave is split into two.

Step 1

They must have been continuously employed by you for 26 weeks up to and including the Qualifying week. Do not count the period they served in the Armed Forces as part of the 26 weeks.

Step 2

They must continue to work for you right up until the baby is born.

A week, in this instance, means Sunday to Saturday. Count part weeks as full weeks.

All the other rules apply.

Break in employment

For SPP the employee must have been continuously employed by you for at least 26 weeks up to and including the Qualifying week and they must continue to work for you right up until the baby is born. To work out the latest start date for employment with you read page 12.

If your employee with an ongoing contract of service has a break in employment for any of the reasons below, you should still treat them as continuously employed:

- Trade disputes or industrial action - do not count the period they were 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 SPP.
- Sickness or injury - the employee can get SPP if the total period of incapacity is 26 weeks or less.
- Maternity leave - if she works for you before and after the break she can get SPP, or if she was not working because of the birth, and she worked for you before and after the break and the break is not more than 26 weeks, she can get SPP.
- Adoption leave - they were on adoption leave and they worked for you before and after the break, they can get SPP.
- Paternity and parental leave - if the employee took paternity leave or parental leave and they worked for you before and after the break they can get SPP.

All the other rules for SPP apply.

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 transferor 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 applies, 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 not be broken when:

- 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
- 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.

If continuity of employment is not broken, your employee can get SPP and paternity leave as long as they work for you and the previous employer during the period you worked out using the tables on pages 54 and 55.

If continuity of employment is broken and:

- you take on the business after the birth of the baby, the previous employer must pay SPP to your employee
- you take on the business before the birth of the baby, your employee cannot get SPP or paternity leave.

All the other rules apply.

The tables for working out the periods to use are on pages 54 and 55.

Paying SPP for birth

Start of payment

SPP is a weekly payment. It lasts for one or two complete weeks and the two weeks must be consecutive. It should be made on the employee's next usual payday on or after the last day of their pay week.

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

The SPP period starts the day after the last day your employee worked before starting their paternity leave. Your employee will have told you when they planned to stop work, see page 21.

SPP 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 NICs, except Attachment of Earnings Orders (including Council Tax Orders) or Deductions of Earnings Orders for Child Maintenance and Enforcement Commission (Arrestment of Earnings Orders in Scotland).

SPP paid part-weekly

SPP 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.

Employee goes abroad

If your employee leaves the UK during the SPP pay period, for example, to go on holiday or visit relatives living abroad, you are still liable to pay SPP during their absence.

Employee is not returning to work

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

You cannot ask them to repay it.

Stopping payment

- SPP stops after one or two weeks - as chosen by your employee, and
- cannot be paid for any days later than the 56th day after the baby is born or, if the baby is born early, later than the 56th day after the Sunday of the week the baby was due.

There are circumstances where it might stop earlier. These are detailed on this page and page 25.

Employee does some work for you

You cannot pay SPP for any SPP pay week in which your employee works for you. Even if your employee works for you for only half a day they will still lose a whole weeks SPP.

Employee works for another employer

If your employee works for another employer during the SPP pay period after the baby is born, you need to check whether they were employed by that employer during the Qualifying week. Tables showing these dates are on pages 54 and 55.

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 SPP as normal.

If your employee is working for someone who did not employ them in the Qualifying week, you must stop paying SPP from the start of the week they work for that employer. Your liability to pay SPP ends completely on the last day of the week SPP was paid before they started work. Give them form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC3 *Becoming a parent*, and send the original back to them.

Employee is taken into legal custody

You cannot pay SPP for any SPP pay week your employee is in legal custody or for any week in the pay period after that.

If they ask for SPP - give them form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC3 *Becoming a parent*, and give the original back to them.

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 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 becomes sick

If your employee tells you they are sick during the SPP period you must check whether they are entitled to SSP or not, see the Employer Helpbook E14(2010) *Employer Helpbook for Statutory Sick Pay*.

You cannot pay them SPP for any SPP pay week in which they are entitled to be paid SSP. Give them form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC3 *Becoming a parent*, and give the original back to them.

Bear in mind that:

- SPP pay weeks can start on any day of the week
- your employee will not normally be entitled to be paid SSP from the first day they are incapable of work.

Employee dies

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

The baby dies

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

You cease to trade

If you cease to trade you remain liable to pay any outstanding SPP 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 SPP pay period HMRC will pay your employee's SPP from the date of the insolvency.

You should tell your employees to contact HMRC Statutory Payments Dispute Team on **0191 22 55221**.

It will help if you or the liquidator can let us know which of your employees are affected so we can pay them as soon as possible.

Paying through an agent

You can arrange for SPP 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 SPP from each employer if they satisfy all the qualifying conditions. They can choose to take different times off from each employer.

Paying your employee who has more than one job with you

If your employee has more than one job with you, you should work out whether they can get more than one payment of SPP from you, when you were looking at whether their earnings were high enough in each employment, see page 13.

If they can only get one payment of SPP from you, they should take the same time off from each job otherwise they will lose some of their SPP because they are working for you.

If they are entitled to more than one payment of SPP from you they can choose to take different time off from each job without losing their entitlement to SPP.

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.

The value of the benefit provided during the Paternity Pay Period may not be deducted from the SPP. You must pay any SPP in full.

Lump sums

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

Offsetting SPP against employee's pay

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

If your employee is entitled to more SPP than the contractual paternity pay you may offset the contractual pay but you must pay the balance of SPP due. Even if you are paying your employee contractual paternity pay you may still recover an amount based on your full SPP 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 paternity pay, they are entitled to the full amount of SPP on top of their paternity pay from the scheme. If you share the cost of the paternity pay scheme, then you must calculate what proportion of the paternity pay is from your contributions and ensure that you pay your employee any balance of SPP needed to bring your share up to the SPP due. You cannot offset any of the paternity pay they have paid for against their SPP entitlement.

Whatever you pay your employee, you must still work out how much SPP your employee was entitled to and keep the relevant records, see page 50.

Recovering SPP for birth

How much do I get back?

The amount you get back normally depends on your total gross, employers' plus employees', Class 1 NICs in the last complete tax year before the Saturday of 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 SPP, and
- an additional amount as compensation for the NICs you pay on the SPP. The compensation rate for 2010-11 is 4.5%.

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

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

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

You can only recover the SPP payable. Any additional Occupational Paternity Pay or any other payments you make over and above the SPP are not recoverable over and above the SPP.

Where does the money come from?

Use the money you have to pay over to HMRC for:

- 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 checksheet on page 49.

If you were not an employer for the whole of 2008-09 or 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.

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

1. Add together your total Class 1 NICs for the tax months in that year.

£

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.

3. Divide the figure in 1 by the number of months in 2.

£

4. Multiply the figure in 3 by 12.

£

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

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

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

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

1. Find the date the baby is due.	<input type="text" value="/ /"/>
2. Find the date of the Sunday in the Qualifying week. (Use the tables on pages 54 and 55.)	<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"/>
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"/>
8. Multiply the figure in 7 by 12.	£ <input type="text"/>

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

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

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

Recovery of SPP paid in a previous tax year

If you need to recover SPP that you have paid 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 our website at www.hmrc.gov.uk/employers/emp-form.htm

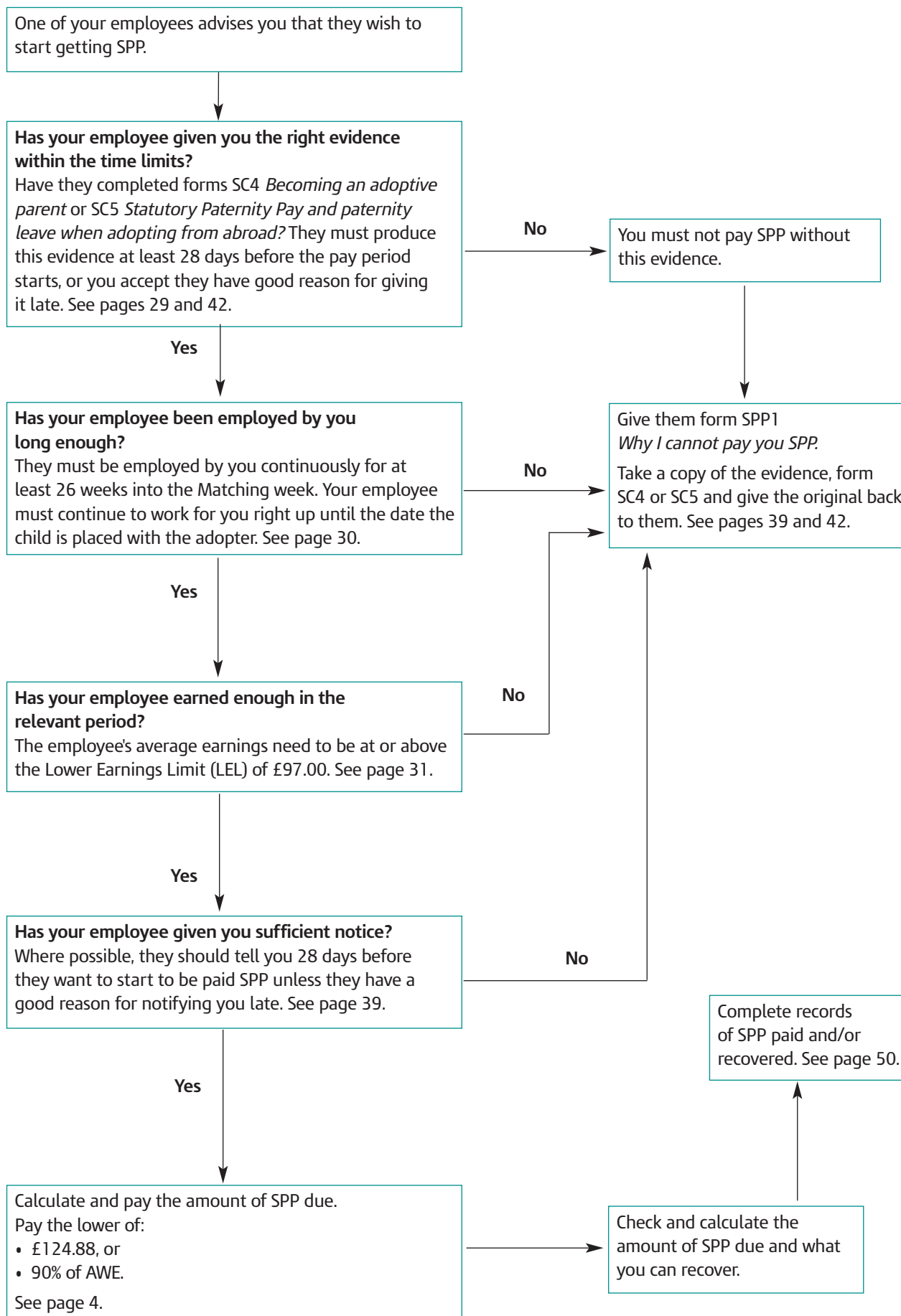
They can be obtained from any HMRC office or from the Employer Orderline on **08457 646 646**.

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

Statutory Paternity Pay (SPP) for adoption

Flowchart - Operating the SPP scheme for adoption



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

Declaration of family commitment – becoming an adoptive parent

Give your employee form SC4 *Becoming an adoptive parent* which advises them of the terms and conditions relating to SPP and paternity leave.

It also has a section for a declaration of family commitment.

You must not pay SPP without a declaration.

If you consider that the employee has made a false declaration, you should contact your HMRC office for advice. They can investigate and, where appropriate, consider penalising the employee.

Employee gives declaration

See the 'Length of employment' section on page 30.

Employee does not give declaration

Tell your employee that you cannot pay them without the declaration and they will need a good reason why the declaration is made to you late.

Time limits

The time limit for producing evidence to get pay is 28 days before the start of payment. If there is a good reason for the evidence being produced late you must accept it.

Please note that sometimes there is very little time between the date the adoption agency tells the adopter that they have been matched with a child and the date the child is placed with them. If your employee is late giving you evidence because of this you must accept it.

Has your employee been employed by you long enough?

Length of employment

The length of time your employee must have worked for you to get SPP and paternity leave is split into two and both conditions must be met.

A table showing the Matching week and the latest start date for employment with you is on page 56.

Step 1.

Find the Matching week in the table then read across to the latest start date for employment with you. If they started work after that date they don't qualify, give them form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC4 *Becoming an adoptive parent*, and give the original back to them.

Step 2

If your employee was working for you by the date in Step 1, then to get SPP and leave they must continue to work for you right up until the child is placed with the adopter. If your employee stops working for you before the child is placed with the adopter, they are not entitled to pay or leave.

Employee works abroad

The length of time an employee must have worked for you to get SPP is split into two.

Step 1

Where they work for you **outside the UK** from:

- the latest start date for employment with you, and
- up to and including the Sunday of the Matching week they can get SPP, if you were liable to pay Class 1 NICs on their earnings throughout the period.

They can still get SPP if you would have been liable to pay Class 1 NICs had their earnings been high enough.

If you were not liable to pay Class 1 NICs throughout the period and they worked for you in the European Economic Area (EEA) they may still be able to get SPP (for a list of EEA countries see page 53).

Where they work for you **within the EEA** from:

- the latest start date for employment with you, and
- up to and including the Sunday of the Matching week they can get SPP if:
 - they worked for you in the UK in the Matching week, and
 - you were liable to pay Class 1 NICs on their earnings for that week.

They can still get SPP if you would have been liable to pay Class 1 NICs had their earnings been high enough.

Step 2

To get SPP your employee must continue to work for you from the Matching week right up until the child is placed. It does not matter where they work, or whether you are liable to pay Class 1 NICs.

All the other SPP rules, apply.

Leave

Employees who work outside the UK but within the EEA may be entitled to paternity leave under UK law. For more information please 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**, or seek independent legal advice.

Has your employee earned enough in the relevant period?

What counts as earnings?

Use the amount actually paid before deductions such as PAYE, NICs and pension contributions. Average Weekly Earnings (AWE) should include all earnings that attract a Class 1 NICs liability, or would if they were high enough. Such earnings would consist of:

- any salary or wages (including cash allowances - for example, car allowance) and money paid in the period earned outside the period, such as holiday pay, overtime and lump sums paid for arrears of pay
- any other element of the person's earnings which are chargeable to Class 1 NICs (including in very limited circumstances Class 1B)
- shares or share options
- retail and other vouchers (where the cost is taxable under the P11D procedure and subject to Class 1 NICs)
- Statutory Sick Pay
- Statutory Maternity Pay
- Statutory Paternity Pay
- Statutory Adoption Pay.

Statutory Paternity Pay (SPP) depends on your employee's AWE in a relevant period. See the quick method on page 33 to find out if they qualify. But if you are in any doubt, or your employee disagrees with your decision, you must work through the detailed check on pages 33 or 34.

When you work out how much you pay, look at when the pay week began.

For help online go to www.hmrc.gov.uk/calcs/sppa.htm for an interactive SPP calculator or have a look at your CD-ROM where you will find a calculator and a learning program to help you understand your SPP responsibilities.

Where a salary sacrifice arrangement is in place see page 37.

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 Matching week. 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 should include all the earnings paid on or after **Date 2**, up to and including those paid on **Date 1**.

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

Matching week 31/10/10 to 06/11/10

Payday at least eight weeks before 05/11/10

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

		Start of the relevant period - Date 2									
↓	↓							↓			
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 5 November 2010

AWE - Total earnings £970.21 ÷ 8 = **£121.27625**

Do not round this AWE figure up or down to whole pence.

Example - monthly paid employee

Employee paid on the last working day of month

Matching week 31/10/10 to 06/11/10

Payday at least eight weeks before 29/10/10

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

		Start of the relevant period - Date 2					
↓	↓			↓			
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 from 1 September 2010 to 29 October 2010

AWE - Total earnings = £1,409.30 ÷ 2 = £704.65 x 12 = £8,455.80 ÷ 52 = **£162.61153**

Do not round this AWE figure up or down to whole pence.

Quick method for calculating Average Weekly Earnings (AWE)

If your employee earns:

- less than £95.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 5 April 2009 and 3 April 2010, or
- less than £97.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011

they will not qualify for SPP. Go to the 'Does your employee earn enough?' section below.

If your employee sometimes earns more or less than £97.00 gross a week you must work out their AWE.

Use the weekly checksheet below or the monthly checksheet on page 34.

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 from the relevant period.

To work out AWE for employees paid in multiples of a week, for example, weekly, fortnightly or other multiple weekly

1. Enter the Matching date.

2. Find the date of the Saturday on or after the date at 1.
(Use the tables on page 56.)

3. Find the date of the last normal payday on or before that Saturday.
This is the last day of the relevant period.

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.**

5. Add together the earnings paid in-between the dates at 4 and 3 (inclusive).

6. Divide the figure at 5 by the number of whole weeks in the relevant period.

(Don't round up or down to whole pence; use the unrounded amount to decide if the employee's AWE are high enough.)

Does your employee earn enough?

If the amount at 6:

- is at least £95.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 5 April 2009 and 3 April 2010, or
- is at least £97.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011

then your employee earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, refer to the guidance on pages 37 and 38.

If they still don't qualify for SPP, you should:

- give them form SPP1 *Why I cannot pay you SPP*
- take a copy of the declaration on form SC4 *Becoming an adoptive parent* and give the original back to them.

If your employee earns enough, go to page 39 for 'When should your employee give you dates for pay and leave?'

Checksheet for monthly paid - how to work out AWE

To work out AWE you must:

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

To work out AWE for employees paid monthly	
1. Enter the Matching date.	<input type="text" value="/ /"/>
2. Find the date of the Saturday on or after the date at 1. (Use the tables on page 56.)	<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. 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 paragraph 'Rounding to the nearest whole month when there is 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" value="£"/>
8. Multiply the figure at 7 by 12.	<input type="text" value="£"/>
9. Divide the figure in 8 by 52.	<input type="text" value="£"/>
(Don't round up or down to whole pence; use the unrounded amount to decide if the employee's AWE are high enough.)	

Does your employee earn enough?

If the amount at 9:

- is at least £95.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 5 April 2009 and 3 April 2010, or
- is at least £97.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011

then your employee earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, refer to the guidance on pages 37 and 38.

If they still don't qualify for SPP, you should:

- give them form SPP1 *Why I cannot pay you SPP*
- take a copy of the declaration on form SC4 *Becoming an adoptive parent* and give the original back to them.

If your employee earns enough, go to page 39 for 'When should your employee give you dates for pay and leave?'

Rounding to the nearest whole month when there is not 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.

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 employee in a regular pay pattern	
1. Enter the Matching date.	<input type="text" value="/ /"/>
2. Find the first Saturday on or after the date in 1. (Use the tables on page 56.)	<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 eight paydays from the date in 3 and come forward one day, for example, if eight paydays back 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"/>
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"/>
8. Multiply the figure in 7 by 7.	£ <input type="text"/>
(Don't round up or down to whole pence; use the unrounded amount to decide if the employee's AWE are high enough.)	

Does your employee earn enough?

If the amount at 8:

- is at least £95.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 5 April 2009 and 3 April 2010, or
- is at least £97.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011

then your employee earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, refer to the guidance on pages 37 and 38.

If they still don't qualify for SPP, you should:

- give them form SPP1 *Why I cannot pay you SPP*
- take a copy of the declaration on form SC4 *Becoming an adoptive parent* and give the original back to them.

If your employee earns enough, go to page 39 for 'When should your employee give you dates for pay and leave?'

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 33 or 34.

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 33 or 34. 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

To work out AWE for directors paid only by a formal vote

1. Enter the Matching date.

2. Find the first Saturday on or after the date in 1. (Use the tables on page 56.)

3. Find the date of the last formal vote on or before that Saturday.

This is the last day of the relevant period.

4. Count back to the payday that is at least eight weeks from the date at 3 until the date of the previous formal vote 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.

5. Add together money voted between the dates in 4 and 3 (inclusive).
(Do not include any money drawn in anticipation of the vote.)

6. Work out how many whole months there are between the dates at 4 and 3 (inclusive). If there aren't a whole number of months, see the paragraph 'Rounding to the nearest whole month when there is not a whole number of months in the relevant period' on page 34.

7. Divide the figure at 5 by the number of whole months in 6.

8. Multiply the figure at 7 by 12.

9. Divide the figure in 8 by 52.

(Don't round up or down to whole pence; use the unrounded amount to decide if the employee's AWE are high enough.)

Does your director earn enough?

If the amount at 9:

- is at least £95.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 5 April 2009 and 3 April 2010, or
- is at least £97.00 gross a week and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011

then your employee earns enough to meet this qualifying condition.

If they don't earn at least the amounts shown above, refer to the guidance on pages 37 and 38.

If they still don't qualify for SPP, you should:

- give them form SPP1 *Why I cannot pay you SPP*
- take a copy of the declaration on form SC4 *Becoming an adoptive parent* and give the original back to them.

If your employee earns enough, go to page 39 for 'When should your employee give you dates for pay and leave?'

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 on page 33. At Step 6 divide the figure in Step 5 by the number of weeks' wages in the payment.

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 on page 33. At Step 6 divide the figure in Step 5 by the number of weeks' wages actually paid.

Employees paid in multiples of a week

Use the weekly checksheet on page 33. 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 the monthly checksheet on page 34 to work out their AWE.

You take over a business in the relevant earnings period

If you:

- take over a business between the dates in Steps 4 and 3 (inclusive) of the weekly checksheet on page 33 and the monthly checksheet on page 34, and
- have worked out that your employee has been employed by you and the previous employer long enough to get SPP, see the paragraph 'You take over a business' on page 40.

You must still add together all their earnings in-between the dates in Steps 4 and 3 (inclusive) even where some of them were paid by the previous employer.

Your employee has more than one job with you

Your employee could have more than one job with you.

If you normally add all the employee's earnings together to work out Class 1 NICs, you would do the same to work out the employee's AWE, and the employee can only get one lot of SPP.

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 SPP.

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

Calculation of AWE is always based on all earnings actually paid within the relevant period, regardless of any overpayment or underpayment of wages made in that period.

This may mean an employee is eligible for SPP even if their AWE would otherwise have been below the Lower Earnings Limit (LEL), or they may not qualify for SPP where an underpayment of wages means their AWE falls below the LEL. Adjust any overpayment or underpayment of wages in the normal manner and note your wage records accordingly.

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 SPP, the calculation is based on earnings which are subject to NICs. Therefore the value of any benefits which are exempt from Class 1 NICs (such as some childcare vouchers) will not be included in the AWE calculation.

For more information on the treatment of childcare vouchers and other contractual benefits and expenses see www.hmrc.gov.uk/payereporting-az.htm

Earnings in the relevant period affected by a backdated pay rise

If your employee's entitlement to SPP is less than the standard rate, and they get a backdated pay rise which falls before the start of the relevant period, but the earnings in the relevant period at the time SPP was originally calculated had not been adjusted to reflect this pay rise before the end of the relevant period, you must:

- recalculate their AWE
- pay any extra SPP due.

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 gross and the adoption agency told the adopter that they had been matched with a child between 5 April 2009 and 3 April 2010, or
- £97.00 gross and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 to 2 April 2011

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

If any of these expense payments and benefits in kind would have been liable for Class 1 NICs if they had not been included in the PAYE Settlement Agreement, **you must recalculate** your employee's AWE including these expense payments and benefits in kind.

PAYE Settlement Agreements are a more flexible way of dealing with some expense payments and benefits in kind. Earnings included in a PAYE Settlement Agreement are liable for Class 1B NICs.

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

Some of the employee's earnings are included in a PAYE Settlement Agreement and SPP is recalculated to take into account a backdated 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 increases the amount of earnings already paid in the relevant period for working out their AWE

you must recalculate their AWE as shown in the following paragraph.

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 gross and the adoption agency told the adopter that they had been matched with a child between 5 April 2009 and 3 April 2010, or
- £97.00 gross and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011

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

So:

- work out the total amount they are now entitled to
- take away any SPP you have already paid them
- pay any extra SPP due.

Your employee may not be entitled to any extra SPP because their AWE with the pay rise, excluding the PAYE Settlement Agreement earnings, are less than their original AWE. You can now include the PAYE Settlement Agreement earnings to see if they may be entitled to any extra SPP.

If the new AWE is 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 gross and the adoption agency told the adopter that they had been matched with a child between 5 April 2009 and 3 April 2010, or
- £97.00 gross and the adoption agency told the adopter that they had been matched with a child between 4 April 2010 and 2 April 2011

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

So:

- work out the total amount of SPP they are now entitled to
- take away any SPP you have already paid them
- pay any extra SPP due.

If the new AWE is less than the LEL shown above they still cannot get SPP. Give them form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC4 *Becoming an adoptive parent*, and give the original back to them.

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

Leave

To qualify for paternity leave, your employee should tell you when they want to take their leave within seven days of the Matching date. Go to www.businesslink.gov.uk/workandfamilies for more information on paternity leave.

Pay

Where possible they should tell you 28 days before they want to start to be paid. But in practice there is often very little time between the dates the adopter is matched with the child and the child is placed. If your employee is late giving you notice because of this you must accept it. You can ask them to tell you in writing.

Notice can be given:

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

Choosing dates

Your employee has the right to choose when they want to take pay and leave within a set period. They can choose to take one or two consecutive weeks leave, but not two separate weeks.

Leave can start:

- on the date the child is placed, or the day after that if they were at work that day
- at a predetermined date later than above, but it cannot continue more than eight weeks (56 days) after the date the child is placed with the adopter.

You should discuss and agree a suitable start date for pay and leave with your employee. They may have had good reasons why they cannot give you proper notice, and if so you should accept them. If not, you are entitled to insist on a notice period which suits you.

Change of mind

Your employee can change their mind about the date they wish their leave to start but should give you 28 days notice of their intended date. Employers should allow sufficient flexibility of notice because of the possible differences between the expected date of placement and the actual date of placement.

Employee does not give acceptable notice

Pay and Leave

If your employee didn't give you acceptable notice and they have not got a good reason for being late, you can delay the start of leave and the pay period until you have had 28 days notice of their intended dates.

However, employers should allow sufficient flexibility of notice because of the possible differences between the date the child is expected to be placed and the actual date that the child is placed.

If your employee didn't give acceptable notice give them form SPP1 *Why I cannot pay you SPP*. Take a copy of the declaration on form SC4 *Becoming an adoptive parent* and return the original. For more information on paternity leave go to

www.businesslink.gov.uk/workandfamilies

Exceptions to the normal conditions for SPP for adoption in the UK

Employee leaves job after the date the adoption agency tells the adopter that they have been matched with a child

Your employee cannot get paternity leave if they have left their job before the child is placed.

To qualify for pay your employee must remain employed by you until the child is placed to get SPP. If your employee can get SPP they should still give you 28 days notice of when they want you to start paying them.

Start of payment

If the employment ends after the child is placed but before the planned start of the SPP period, you may treat the SPP period as beginning on the day after the last day of employment.

However, your employee may choose when to begin their SPP period between the date the child is placed and the end of an eight-week period running from that date.

Reinstatement after dismissal

If your employee did not work for you during the whole period you worked out using page 56:

- because you dismissed them, and
 - they are then reinstated because an employment tribunal decides that you dismissed them unfairly, or
 - if you reinstate them as a result of a statutory grievance procedure
- they are entitled to SPP and paternity leave as if they had not been dismissed.

All the other rules apply.

Reinstatement following service in the Armed Forces

If your employee did not work for you during the whole period you worked out using page 56, because they were serving in the Armed Forces, and they return to work for you within six months of the end of their service in the Forces under the Reserve Forces (Safeguard of Employment) Regulations, they may still be able to get SPP and paternity leave.

The length of time your employee must have worked to get SPP and paternity leave is split into two.

Step 1

They must have worked for you for at least 26 weeks, including the Matching week.

A week means Sunday to Saturday. Count part weeks as full weeks. Do not count the period they served in the Armed Forces as part of the 26 weeks.

Step 2

They must continue to work for you right up until the child is placed.

Tables for the latest start date for employment with you are on page 56.

All the other rules apply.

Break in employment

For SPP the employee must have been continuously employed by you for at least 26 weeks into the matching week and they must continue to work for you right up until the child is placed. To work out the latest start date for employment with you read page 30.

If your employee with an ongoing contract of service has a break in employment for any of the reasons below, you should still treat them as continuously employed:

- Trade disputes or industrial action - do not count the period they were 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 SPP.
- Sickness or injury - the employee can get SPP if the total period of incapacity is 26 weeks or less.
- Maternity leave - if she works for you before and after the break she can get SPP, or if she was not working because of the birth, and she worked for you before and after the break and the break is not more than 26 weeks, she can get SPP.
- Adoption leave - if they were on adoption leave and they worked for you before and after the break, they can get SPP.
- Paternity and parental leave - if the employee took paternity leave or parental leave and they worked for you before and after the break they can get SPP.

All other rules for SPP apply.

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 transferor 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 applies, 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 not be broken when:

- 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
- 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.

If continuity of employment is not broken, the employee can also get SPP and paternity leave, as long as they work for you and the previous employer during the whole period you worked out using page 56.

If continuity of employment is broken and:

- you take on the business after the child is placed, the previous employer must pay SPP to the employee
- you take on the business before the child is placed, the employee cannot get SPP or paternity leave.

All the other rules apply.

Paternity Pay and leave when a child is adopted from abroad

When an employee or their partner adopts a child from abroad they can get SPP if the adoption process includes an application to assess the adopter. The assessment is usually carried out by social services or an agency who carries out these functions on their behalf. If they agree that the adopter is suitable to adopt a child from overseas, the UK authority will send a Certificate of Eligibility to the overseas authority and send an Official Notification they have done this to the adopter. The relevant UK authority will be the Department for Children, Schools and Families (in England), the Scottish Executive, the Welsh Assembly or the Northern Ireland Assembly.

The adopter will need to keep this document so you should take a copy for your records. They cannot receive SPP or paternity leave unless they have received Official Notification from the relevant UK authority that they are eligible to adopt a child from overseas.

The qualifying conditions

To qualify for SPP when adopting a child from abroad your employee must satisfy **all** of the following:

- the adopter must have been sent Official Notification that the relevant UK authority has issued a Certificate of Eligibility to the overseas authority involved in the adoption confirming that they are eligible to adopt a child from overseas
- they have been continuously employed with you for at least 26 weeks continuing into the week in which the adopter was sent the Official Notification form, or by the time they want to start their Paternity Pay Period whichever is later
- have AWE of not less than the Lower Earnings Limit for National Insurance purposes which applies at the end of the week in which the adopter received Official Notification
- they give you appropriate notice within the time limits
- if they are adopting the child with their partner, they must declare that they are not also claiming SAP
- they have provided evidence that the child has entered the UK to live with them.

If your employee does not satisfy **all** of these qualifying conditions for SPP give them form SPP1 *Why I cannot pay you SPP*.

Adoption from abroad which does not include a relevant UK authority

An employee or their partner may have adopted a baby abroad without involving a UK authority. If this is the case, they will not be entitled to SPP because they will not be able to produce an Official Notification as no Certificate of Eligibility will have been issued.

The rules

There are also some different rules for SPP and paternity leave which apply when adopting a child from abroad.

Notifying you

As with paternity pay for domestic adoptions, notice of paternity leave and pay does not have to be in writing unless you want it to be and may be given on your employee's behalf.

If posted, the notice is treated as given on the date it is posted.

Evidence of entitlement to SPP when adopting from abroad – Declaration of family commitment – form SC5

Your employee must give you evidence of their entitlement to SPP in writing at least 28 calendar days before they want to start being paid.

They can do this by completing form SC5 which contains a declaration giving the date the child is expected to enter the UK and also declares that they are not also claiming SAP. Form SC5 is available for this purpose or you may use your own form, see page 9.

There are three stages when the employee should give you notice:

First stage

Your employee must tell you:

- the date on which the adopter received Official Notification from the relevant UK authority of their eligibility to adopt a child from overseas, and
- the date the child is expected to enter the UK if known.

If they **have** already completed 26 weeks continuous employment with you when they received Official Notification they must tell you this within 28 days of receiving it.

If they **have not** already completed 26 weeks continuous employment with you when they receive Official Notification, they must tell you this within 28 days of the Sunday of the week when they complete 26 weeks continuous employment.

Where a new employee has already received Official Notification from the relevant UK authority before they have started work for you, they can qualify for SPP from you provided they:

- complete their 26 weeks continuous employment before they want their pay period to start, and
- satisfy all other criteria.

In this case only, you can calculate their average earnings on an eight-week period up to the point where they complete 26 weeks of continuous service.

Second stage

Your employee should then tell you at least 28 days beforehand when they want their SPP to start. At this stage they should also tell you whether they want to take one or two weeks SPP and paternity leave. Your employee can also tell you when they want their SPP and paternity leave to start at the first stage if they know then.

Employees can change their mind about the date on which they want their SPP to start providing they tell you at least 28 days in advance of the new date.

Third stage

Your employee must tell you the date the child enters the United Kingdom within 28 days of the date.

Evidence of entry into the UK

The employee will need to give you evidence that the child has actually entered the UK to live with them, such as plane tickets or copies of entry clearance documents.

The Paternity Pay Period (PPP) and paternity leave

The start date

Your employee can choose to start being paid and/or start their leave:

- from the date the child enters the UK or on the following day if the employee is at work that day, or
- on a pre-determined date after the child has entered the UK.

The PPP and paternity leave cannot:

- start before the child enters the UK
- continue more than 56 days after the date the child enters the UK.

The PPP and paternity leave can start on any day of the week. The two periods should be aligned.

Child does not enter the UK

Your employee cannot start their leave or pay until the child has entered the UK. They must tell you as soon as they know that they will not be adopting the child after all.

Paying SPP for adoption

Start of payment

SPP is a weekly payment. It lasts for one or two complete weeks and the two weeks must be consecutive. It should be made on the employee's next usual payday on or after the last day of their pay week. SPP pay weeks start with the first day of the pay period, so that, for example, a SPP pay period which starts on a Wednesday will have pay weeks within the pay period which run from Wednesday to the following Tuesday.

The SPP period starts on the day after the last day your employee worked before starting their paternity leave. Your employee will have told you when they planned to stop work, see page 39.

SPP 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 NICs, except Attachment of Earnings Orders (including Council Tax Orders) or Deductions of Earnings Orders for Child Maintenance and Enforcement Commission (Arrestment of Earnings Orders in Scotland).

SPP paid part-weekly

SPP can be paid as part weeks to help employers align the payments to their employee's 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.

Employee goes abroad

If your employee leaves the UK during their SPP pay period, for example, to go on holiday or visit relatives living abroad, you are still liable to pay SPP during their absence.

Employee is not returning to work

If your employee decides not to return to work you must still pay them SPP.

You cannot ask them to repay it.

Stopping payment

If your employee stops working for you before the child is placed with the adopter they are not entitled to SPP. SPP stops after one or two weeks, as chosen by your employee, and cannot be paid more than 56 days after the date the child is placed.

There are circumstances where it might stop earlier. These are detailed on this page and the following pages.

Employee does some work for you

You cannot pay SPP for any SPP pay week in which your employee works for you. Even if your employee works for you for half a day they will still lose a whole week's SPP.

Employee works for another employer

If your employee works for another employer during the SPP pay period, you need to check whether they worked for that employer during the Matching week. A table showing these dates is on page 56.

It is up to your employee to tell you that they are working for another employer.

If your employee is working for someone they worked for during the Matching week you should continue to pay them SPP as normal.

If your employee is working for someone they did not work for during the Matching week you must stop paying SPP from the start of the SPP pay week they started work for that employer.

Give them form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC4 *Becoming an adoptive parent*, and give the original back to them.

Employee is taken into legal custody

You cannot pay SPP for any SPP pay week your employee is in legal custody or for any week in the pay period after that.

Give them form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC4 *Becoming an adoptive parent*, and give the original back to them.

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 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 is sick

If your employee tells you that they are sick during the SPP period you must check whether they are entitled to SSP or not, see the Employer Helpbook E14(2010) *Employer Helpbook for Statutory Sick Pay*.

You cannot pay them SPP for any SPP pay week in which they are entitled to be paid SSP.

Give them form SPP1 *Why I cannot pay you SPP*, take a copy of the declaration on form SC4 *Becoming an adoptive parent*, and give the original back to them.

Bear in mind that:

- SPP pay weeks can start on any day of the week
- your employee will not normally be entitled to be paid SSP from the first day they are incapable of work.

Employee dies

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

The child dies

If the child dies during the SPP period, payment should continue as normal.

Child ceases to live with the adopter

If the child ceases to live with the adopter during the SPP pay period, payment should continue as normal.

You cease to trade

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

You become insolvent

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

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

Paying through an agent

You can arrange for the SPP 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 SPP from each employer if they satisfy all the qualifying conditions. They can choose to take different time off from each employer.

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 SPP from you, when you were looking at whether their earnings were high enough in each employment, see page 31.

If they can only get one payment of SPP from you they should take the same time off from each job otherwise they will lose some of their SPP because they are working for you.

If they are entitled to more than one payment of SPP from you they can choose to take different time off from each job without losing their entitlement to SPP.

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.

The value of the benefit provided during the Paternity Pay Period may not be deducted from the SPP. You must pay any SPP in full.

Lump sums

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

Offsetting SPP against employee's pay

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

If your employee is entitled to more SPP than the contractual paternity pay, you may offset the contractual pay but you must pay the balance of SPP due. Even if you are paying your employee contractual paternity pay you may still recover an amount based on your full SPP 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 paternity pay, they are entitled to the full amount of SPP on top of their paternity pay from the scheme. If you share the cost of the paternity pay scheme, then you must calculate what proportion of the paternity pay is from your contributions and ensure that you pay your employee any balance of SPP needed to bring your share up to the SPP due. You cannot offset any of the paternity pay they have paid for against their SPP entitlement.

Whatever you pay your employee, you must still work out how much SPP your employee was entitled to and keep the relevant records, see page 50.

Child is placed after the expected date

Your employee cannot be paid until the child is placed. They must tell you when the child is placed so you know when to start paying them. Do not start paying on the assumption that the child was placed on the expected date.

Paternity Pay and leave when more than one child is placed with the adopter under separate arrangements

More than one child may be placed with the adopter under different arrangements. This can happen where two or more siblings are adopted from the same family. There is no entitlement to two separate periods of SPP and paternity leave if more than one child is adopted under the same arrangement.

The employee will only be entitled to a further period of SPP and paternity leave where each child has been placed under separate adoption arrangements.

If a separate Matching Certificate is issued this would be considered as a separate arrangement.

Entitlement of up to a further two weeks of SPP and paternity leave will commence from the date the second child is placed with the adopter.

The child is not placed after all

Your employee cannot be paid until the child is placed. They must tell you when the child is placed so you know when to start paying them. Do not start paying on the assumption that the child was placed on the expected date.

Recovering SPP for adoption

How much do I get back?

The amount you get back depends on your total gross, employers' plus employees', Class 1 NICs in the last complete tax year before the Saturday of the employee's Matching week or official notification 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 SPP, and
- an additional amount as compensation for the NICs you pay on the SPP. The compensation rate for 2010-11 is 4.5%.

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

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

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

You can only recover the SPP payable. Any additional Occupational Paternity Pay or any other payments you make over and above the SPP are not recoverable over and above the SPP.

Where does the money come from?

Use the money you have to pay over to HMRC for:

- PAYE tax
- NICs
- 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 checksheet on page 49.

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

If you were not an employer for the whole of the previous tax year, check whether your annual NI contributions liability was the equivalent of £45,000 or less.

Check which tax year you need to look at depending on the date the adoption agency told the adopter that they were matched with a child:

- if the adoption agency told the adopter that they have been matched with a child between 5 April 2009 and 3 April 2010 check your liability for 2008-09
- if the adoption agency told the adopter that they have been matched with a child between 4 April 2010 and 2 April 2011 check your liability for 2009-10.

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

1. Add together your total Class 1 NICs for the tax months in that year.

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.

3. Divide the figure in 1 by the number of months in 2.

4. Multiply the figure in 3 by 12.

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

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

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

Checksheet - if you were not an employer at all in the tax year ending before the employee's Matching week

1. Enter the Matching date.	<input type="text" value="/ /"/>
2. Find the date of the first Sunday on or before the date in 1. (Use the tables on page 56.)	<input type="text" value="/ /"/>
3. Identify the tax year in which the Sunday falls.	<input type="text"/>
4. Identify the tax month before this Sunday. 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 SPP, and
- 4.5% as compensation for the NICs you pay on the SPP.

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

Recovery of SPP that has been paid in a previous tax year

If you need to recover SPP that you have paid 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/emp-form.htm

They can be obtained from any 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

Get help with statutory payments funding

Advanced funding

If you need to get the SPP 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 telephone 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 HMRC 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 phone HMRC on **0845 366 7816** and tell them the months involved.

A quick checksheet to see if you need advance funding

Total amount of Statutory Maternity Pay (SMP), Statutory Paternity Pay (SPP)/Statutory Adoption Pay (SAP) and Statutory Sick Pay (SSP) you can get back	A	£ <input type="text"/>
PAYE tax	B	£ <input type="text"/>
National Insurance contributions (including those on SPP)	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.
If you need any help call the Employer Helpline on **08457 143 143**.

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 checksheet above and ask for advance funding.

Statutory payment relevant to a previous tax year:

If the SPP 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 checksheet above and ask for advance funding.

You should record the payments of SPP as normal. See the paragraph 'Recording payments of SPP' on page 50.

Keeping records

What you must keep

You must keep:

- the declaration of family commitment (or a copy if you gave it back to your employee) with form SPP1 *Why I cannot pay you SPP*
- a record of the payment dates, and the amounts paid
- the date the pay period began
- a record of any unpaid SPP with reasons for non-payment.

Form SPP2 *Statutory Paternity Pay 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 SPP

You must record payments of SPP 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. You will need to record the amount of SPP you have paid and recovered when you complete your *Employers Annual Return* (P35 and P14) at the end of the tax year. Helpbook E13(2010) *Day-to-day payroll* tells you how to complete your employee's P11.

For more information on keeping records read Helpbook E10(2010) *Finishing the tax year up to 5 April 2010*, or Helpbook E11(2010) *Starting the tax year from 6 April 2010* on the Employer CD-ROM, or go to www.hmrc.gov.uk/payrollsoftware

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

You cannot make a recovery in one tax year that relates to SPP 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 49.

Where payments and/or recovery of SPP 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 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 SPP

If you make an incorrect payment of SPP 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 paternity 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 SPP may be recovered from your employee and you should treat this as you would an underpayment/overpayment of wages or salary. It should be recorded as wages or salary, not SPP.

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 51.

Your employee disagrees with your decision on their SPP entitlement

Written statement

If you decide not to pay SPP, 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 SPP is payable for
- how much SPP you consider your employee is entitled to
- why you do not regard yourself as liable to pay SPP 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 SPP entitlement

If your employee does not agree with your decision about their SPP 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 which decide questions on entitlement to SPP. In practice, such decisions are given 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 SPP position. They may have also 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 SPP, the decision will give the time limit by which you must pay the SPP. 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 SPP must comply with the appropriate legislation.

If all parties are unable to agree, you will be offered a review. Reviews are carried out by an officer not involved in the original decision. If you accept the offer of review, but do not agree with the review conclusion, you will have a further 30 days within which to notify the appeal to the independent Tribunal.

Once you have notified the appeal to the Tribunal, it will consider the appeal. You both have the right to appear in person and/or be represented at the hearing.

Tribunal decisions are final, except that you can appeal on a point of law, with leave, to the Upper Tribunal.

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

SPP not paid after a formal decision

If an employer fails to pay SPP within the legal time limits following a decision:

- by HMRC that SPP is due and the employer makes no appeal, or
 - by the independent tribunal that SPP is due at an appeal hearing
- the employer may incur a penalty.

Penalties

Legislation provides that employers failing or refusing to operate the SPP scheme correctly can incur penalties. Like those in place for PAYE and 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 £300.
- If you fraudulently or negligently produce incorrect records the penalty is up to a maximum of £300.
- Any failure by you to give your employee the required information the penalty is 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 £300.
- The refusal, repeated refusal or failure by you to pay SPP to your employee could make you liable to a penalty up to a maximum of £3,000.
- The payment of an incorrect amount of SPP due to either fraud or negligence could make you liable to a penalty up to £300.
- Obtaining either fraudulently or negligently incorrect funding could make you liable to a penalty up to a maximum of £300.
- Anyone who fraudulently or negligently makes an incorrect statement or declaration to establish entitlement to Statutory Payments could be liable to a penalty up to a maximum of £300.

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, any 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 SPP penalties you also need to be aware that there is a 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.

A list of European Economic Area (EEA) countries

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 - Although Switzerland is neither an EU Member State nor an EEA country they apply the EC rules by virtue of a special agreement
- 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 SPP and paternity leave

Baby due between 4 April 2010 and 27 November 2010

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

Baby due between 28 November 2010 and 28 May 2011

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

Tables of latest start dates for employment

Matching week		Latest start date for employment with you
Sunday	Saturday	Saturday
04/04/10	10/04/10	17/10/09
11/04/10	17/04/10	24/10/09
18/04/10	24/04/10	31/10/09
25/04/10	01/05/10	07/11/09
02/05/10	08/05/10	14/11/09
09/05/10	15/05/10	21/11/09
16/05/10	22/05/10	28/11/09
23/05/10	29/05/10	05/12/09
30/05/10	05/06/10	12/12/09
06/06/10	12/06/10	19/12/09
13/06/10	19/06/10	26/12/09
20/06/10	26/06/10	02/01/10
27/06/10	03/07/10	09/01/10
04/07/10	10/07/10	16/01/10
11/07/10	17/07/10	23/01/10
18/07/10	24/07/10	30/01/10
25/07/10	31/07/10	06/02/10
01/08/10	07/08/10	13/02/10
08/08/10	14/08/10	20/02/10
15/08/10	21/08/10	27/02/10
22/08/10	28/08/10	06/03/10
29/08/10	04/09/10	13/03/10
05/09/10	11/09/10	20/03/10
12/09/10	18/09/10	27/03/10
19/09/10	25/09/10	03/04/10
26/09/10	02/10/10	10/04/10
03/10/10	09/10/10	17/04/10
10/10/10	16/10/10	24/04/10
17/10/10	23/10/10	01/05/10
24/10/10	30/10/10	08/05/10

Matching week		Latest start date for employment with you
Sunday	Saturday	Saturday
31/10/10	06/11/10	15/05/10
07/11/10	13/11/10	22/05/10
14/11/10	20/11/10	29/05/10
21/11/10	27/11/10	05/06/10
28/11/10	04/12/10	12/06/10
05/12/10	11/12/10	18/06/10
12/12/10	18/12/10	25/06/10
19/12/10	25/12/10	02/07/10
26/12/10	01/01/11	09/07/10
02/01/11	08/01/11	16/07/10
09/01/11	15/01/11	24/07/10
16/01/11	22/01/11	31/07/10
23/01/11	29/01/11	07/08/10
30/01/11	05/02/11	14/08/10
06/02/11	12/02/11	21/08/10
13/02/11	19/02/11	28/08/10
20/02/11	26/02/11	04/09/10
27/02/11	05/03/11	11/09/10
06/03/11	12/03/11	18/09/10
13/03/11	19/03/11	25/09/10
20/03/11	26/03/11	02/10/10
27/03/11	02/04/11	09/10/10
03/04/11	09/04/11	16/10/10
10/04/11	16/04/11	23/10/10
17/04/11	23/04/11	30/10/10
24/04/11	30/04/11	06/11/10
01/05/11	07/05/11	13/11/10
08/05/11	14/05/11	20/11/10
15/05/11	21/05/11	27/11/10
22/05/11	28/05/11	04/12/10

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) *Class 1A 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.

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