

ANNEX A

1. What is a Council Tax Attachment of Earnings Order?

Where there is non payment of Council Tax, the Council can apply to a Magistrates Court for a Liability Order against the defaulter. If a court grants a Liability Order an authority has a number of options for recovering the outstanding amount, one being an attachment of earnings order. The order is in a form prescribed in regulations (copy at Annex C). It contains the name of the debtor; payroll number (if known) and the Local Authority reference. It confirms that the named person is liable to a Council Tax and specifies the amount of charge still to be paid. Deductions in line with the order should be made as soon as possible after the order has been received.

2. Duties placed on an employer?

This order is a legal document and places certain duties on an employer, so it is important that you know the governing principles. Details of your statutory duties are set out at paragraph 13 below.

If the person who is the subject of the order is in your employment you should make deductions from their earnings as explained below. These deductions should begin as soon as possible after the receipt of the order. The amount deducted should then be forwarded to the authority by the 19th day of the month following the month in which the deduction was made.

As well as the amount to be deducted and paid to the authority you may also deduct £1 per transaction from your employee towards your administrative costs. With each deduction made a written statement of the cumulative amount deducted, including your administrative costs, should be supplied to your employee. This can normally be done when a pay statement is issued, but may be done as soon as possible after the deduction is made.

If the employee has moved on or has never been in your employment you should inform the issuing authority within 14 days and your liability to do anything under the order will cease.

3. How long does this Order last?

Deductions should be made each pay day until the total amount specified on the order has been paid over to the

authority; until the person has left your employment; or until the order is discharged by the authority. When the employee leaves your employment and you have notified the local authority nothing further is required of you. The Local Authority will have to serve a copy of the order on the new employer which will state the amount remaining to be deducted.

4. How much should be deducted?

The amount to be deducted is dependant on the total net earnings received by the employee. For the purposes of these orders net earnings means earnings after the deduction of income tax, primary Class 1 national insurance contributions, superannuation contributions and any deduction with a higher priority. Annex C includes a full statutory definition of 'earnings' in regulation 32 and also includes tables which specify the percentage to be deducted according to the amount of net earnings and the frequency of pay period. If an employee receives holiday pay, deductions should be made as detailed below.

5. What are Earnings?

Earnings are defined as:

- sums payable by way of wages or salary (including any fees, bonus, commission, overtime pay or other emoluments payable in addition to wages or salary payable under a contract of service).

Earnings do not include:

- sums payable by public departments of the Government of Northern Ireland or of a territory outside the United Kingdom;

- pay and allowances of members of the armed forces;

- benefit or allowances payable under any enactment relating to social security (this includes maternity pay);

- allowances payable in respect of disablement or disability; and

- wages payable to a person as a seaman, other than as a seaman of a fishing boat.

6. What are Net Earnings?

Net earnings are defined in regulation 32 as the amount payable after deduction of income tax, national insurance superannuation payments and amounts deducted under any CCAEO made before the CTAE0 is made.

7. Are Youth Training Allowances Earnings? No.

8. How do I use these tables?

Column 1 of each table details pay bands which correspond to net earnings. Column 2 details the percentage of earnings to be deducted. Locate the earnings band in column 1 and read across to column 2 to find the percentage and then calculate the amount to be deducted.

9. How do I know which Table to use?

Since the majority of people are paid at regular intervals this should normally be straightforward but there will be cases of irregular payment. The examples listed below may help you to decide which deductions should be made.

Weekly

If the person is paid weekly then deductions should be made in line with Table A.

Monthly

If the person is paid monthly then deductions should be made in line with Table B.

Other weekly intervals

If the person is paid at intervals of a whole number of weeks then the net earnings should be divided by the number of weeks in the pay period. Table A should then be used to work out the appropriate weekly deduction and the resulting amount multiplied by the number of week in the period.

More than one month

If the person is paid at intervals of a whole number of months then the net earnings should be divided by the number of months in the pay period. Table B should then be used to work out the appropriate monthly deduction and the resulting amount multiplied by the number of months in the period.

Regular intervals - not whole weeks or months

If the person is paid at regular intervals, but not at intervals of a whole number of weeks or months then the net earnings should be divided by the number of days. Table C should then be used to work out the appropriate daily rate, which should then be multiplied by the number of days in the period.

Two or more series of payments at regular intervals

If the person is paid in two or more series and payments are made in regular intervals then select the series with the shortest interval between payments and use the tables as described above. In addition deduct 20% of the net earnings payable in every other series. If the person is paid in two or more series and all the intervals are the same length, then select one of these, make deductions as described above; and in addition deduct 20% of the net earnings payable in every other series.

Example

An employee's net pay is £100 weekly and £500 monthly.

A deduction of £5 is made for the weekly pay and £100 for the monthly pay (i.e. 20% of £500).

Irregular intervals

If the person is paid at irregular intervals the net earnings should be divided by the number of days since the last payment and Table C should be used to work out the appropriate daily deductions, which in turn should be multiplied by the number of days in the period.

Example

An employee's net pay (a) £75 (from 1 April to 9 April - 9 days)

(b) £90 (from 10 April to 19 April - 10 days)

(c) £110 (from 20 April to 30 April - 11 days)

The deductions to be made would be:

(a) $75/9 = £8.33$ daily deduction = $£8.33 \times 3\%$ i.e. £0.25

Deduction to be made for period = $9 \times 0.25 = £2.25$

(b) $90/10 = £9$ daily deduction = $£9 \times 3\%$ i.e. £0.27

Deduction to be made for period = $10 \times 0.27 = £2.70$

(c) $110/11 = £10$ daily deduction = $£10 \times 3\%$ i.e. £0.30

Deduction to be made for period = $11 \times 0.3 = £3.30$

Regular and irregular and intervals

If on the same pay day the person is to be paid regular period earnings and irregular period earnings these amounts should be added together and treated as earnings payable at the regular interval, the appropriate table being used.

Example

An employee receives £200 as normal net weekly pay. In addition £300 is received every 15 days for a different task. The deductions to be made would be for weekly earnings (table A) of £200 + £300 = £500. The deduction rate for £500 is 17% of the first £250 plus 50% of the remainder i.e. $£42.50 + £125 = £167.50$.

10. What do I deduct if there is an advance for Holiday Pay?

The amount to deduct is the aggregate of:

(a) the amount that would have been deducted on the pay day if there had been no advance of pay; and

(b) the amounts that would have been deducted if the amount advanced had been paid on the normal pay day or days.

Example

An employee receives £650 on the pay day. This comprises £250 for the week in which the pay day falls and includes overtime of £50; and £400 for 2 weeks holiday advance i.e. Two weeks of standard pay at £200 per week. The amount to be deducted is:

$(12\% \text{ of } £250 = £30.00) + (12\% \text{ of } £200 \times 2 = £48.00) = £78.00$

11. How should I deal with loans made for other purposes?

Loans made, for example, for the purchase of a season ticket or for helping with moving house, are not advances of pay and should not be counted as earnings. Where an amount is deducted for the repayment of such advances net earnings will be as calculated in the normal way less the amount of this deduction.

12. What do I do if there is an Attachment of Earnings Order already in force or I subsequently receive another order before the first one is discharged?

If there is an order of any type in payment and **dated before 1 April 1993**, then a later community charge order cannot be actioned. Any other type of order can be actioned, and should be applied in date sequence, with the later orders being applied to the remaining earnings. If there is no earlier order already in payment, or if an order

dated after 1 April 1993 is in payment, then all further orders can be applied in date sequence, with later orders being applied to remaining earnings. (NB Any 1971 Act non-priority orders are to be applied (in date order) after all other orders). (If a later order is blocked by a CCAEO made prior to 1 April 1993, it is possible that authorities will seek to cancel and remake the earlier order to eliminate the block.)

13. Statutory duties placed on Employers

A CTAEO is a legal document and places certain duties on employers and debtors. A summary of these legal duties is below:

An employer could be liable for a fine if they:

- fail to comply with the order unless they can prove all reasonable steps were taken to comply;
- fail to give all required notifications relating to the Council Tax Attachment of Earnings Order;
- in giving notification make a statement which they know to be false in a material particular or recklessly make a statement which is false in a material particular.

14. Statutory duties placed on debtors

Debtors could be liable for a fine for:

- failure, without reasonable excuse, to supply information
- making a statement which they know to be false in a material particular.

These notes have been prepared by the Department of the Environment, not Warwick District Council. If you require any help or guidance, then please write to:

Benefits & Revenues, P.O. Box 258,
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