



# Guide to statutory maternity pay

You've just been informed by one of your team that they're pregnant! Now what? If you don't have an HR Advisor then it's a good time to get one, ask me for an introduction if you need some help. In addition to the operational impact and the legal implications, many employers are unsure of the rules on statutory maternity pay (SMP). I've produced this simple guide to help.

- **Have you received proof that the employee is pregnant?**

Sounds silly, but their doctor or midwife will issue a MATB1 form providing all of the details including due date. You must have a copy of this form.

- **Are they entitled to SMP?**

In order to receive SMP the individual needs to be on payroll (so a director just drawing dividends won't count). They also need to have been employed CONTINUOUSLY by you for at least 26 weeks prior to the "qualifying date" (this is the 15<sup>th</sup> week before the expected date of birth).

They must have been earning at least £111 per week (again directors beware).

- **What if the employee can't claim SMP?**

They might be entitled to statutory maternity allowance, details of which can be found at [www.gov.uk/maternity-allowance](http://www.gov.uk/maternity-allowance).

- **How much SMP will they get?**

Your employee is entitled to 90% of their average pre-tax weekly earnings for the first 6 weeks of maternity. After this 6 weeks, the amount changes for the next 33 weeks. It will be the lower of (currently) £138-18 per week or the 90% of average earnings which were paid for the initial 6 weeks (subject to the changes in the National Minimum Wage). You can pay more if you wish and remember that SMP is subject to tax and national insurance.

- **Do I need to keep any records?**

Absolutely! You need to keep the MATB1 form and details of:

- The date SMP began,
- The amounts of SMP you've paid to the employee,
- Any SMP you've reclaimed and details of any weeks and reasons why SMP wasn't paid.

You need to keep this information for 3 years AFTER the end of the tax year to which they relate.

- **Can I be reimbursed for any SMP I've paid?**

Yes. The normal rate of reimbursement is 92% of the SMP paid. However, if you're a very small business you may be able to reclaim up to 103% of the amounts paid.

The normal way to reclaim SMP is by deducting the payments from your normal monthly PAYE and NIC amounts paid to HMRC.

If you end up being owed SMP you can reclaim the balance at the end of the tax year or, if this is likely to create a cash flow problem, you can apply to have an advance payment made to you for the SMP you will owe to your employees.

These are just a few thoughts to help you through the maze of maternity pay. It's important your payroll is accurate up to and through the maternity period as it can have an effect on the SMP you owe but also your business cash flow.

It might be time to consider using a professional to run your company's payroll.

If you'd like to chat to me about SMP or payroll in general and how you can remain compliant for a simple monthly fee, then give me a call and let's have a chat. "Caring Accounting" also applies to helping you with your payroll needs



Call me Jo Berry at Inca on 01235 868888 to arrange a chat.