

Council Tax Attachment of Earnings Orders

A Guide for Employers

Introduction

This guide gives employers advice about Council Tax Attachment of Earnings Orders through frequently asked questions, and includes the statutory information, which the Billing Authority (Nottingham City Council) is obliged to send when it issues an Order. The employee subject to the attachment has also been notified of the situation.

What is this Order and why has it been sent?

This is an Attachment of Earnings Order in relation to the Council Tax arrears of a person we believe is employed by you. So that the arrears can be paid, you are legally obliged to deduct payments from the employee's wages, and send them direct to the Council.

How much do I have to deduct?

The deductions are a percentage of the employee's net earnings. For these purposes net earnings is the amount left after Income Tax, National Insurance and Superannuation contributions have all been deducted. Therefore if the amount the employee earns varies – they may for instance work overtime - the amount to be deducted may change each month. The table on **page 3** shows the percentage to be deducted. You may also deduct £1.00 from the employee for every transaction to cover your administration costs. Deductions should not be made from redundancy payments.

How long do I have to make the deductions for?

You must make deductions each payday, from the first pay date after you receive the Order, until the amount specified on the Order is paid in full. Each amount deducted needs to be received by the City Council by the 18th day of the month following the month in which the deduction was made. We will write to you to confirm any changes in the amount payable under the Order as a result of direct payments we receive from the employee or following any other changes made to their account.

What will happen if I do not pay the Council as instructed?

You are required by law to make the deductions and the City Council has the right to begin legal proceedings against you each time payments are not received. **This may result in a fine of up to £1,000.** If an employee has any enquiry about the attachment being applied they need to be advised to contact Council Tax Recovery Department. The employer does not have any discretion to delay, reduce or cease deductions at the request of the employee.

Do I need to notify you once the order is set up?

Once you have confirmed that the person named on the order is in your employment and deductions have been set up, please complete section **A** of the form on **page 13** and return to us within 14 days.

What if the employee is currently on maternity pay?

Please complete section **C** of the form on **page 13** and return to our office within 14 days of receipt with an approximate date the employee is expected to return to work.

What if the person is not employed by the company/organisation or leaves their employment?

An employer must notify the Council within 14 days of receiving the Order if they do not employ the named person, please complete section **B** of the form on **page 13** and return to our office. If the person leaves while an attachment remains in place the employer needs to notify the Council directly within 14 days of their departure.

What if I already have an Attachment of Earnings Order in force or receive two orders?

You are legally obliged to pay up to two orders at a time. The amount payable on a second order is based on the remaining earnings after the first Order's deduction has been made. If you already have two orders set up for the employee, please complete section **C** of the form on **page 13** and return to our office within 14 days of receipt of the new order with an approximate date that the existing orders will be cleared.

Where do I send the payments?

Payments for individual employees can be made by BACS, quoting the following details:

Bank: Lloyds Bank

Sort Code: 30-96-18

Bank Account Number: 01056113

Reference Number: 4*** or 5***** (the eight-digit employee CTAX number on the Order that starts "4" or "5", please quote this reference only, not the employee's name).**

Where deductions are sent for several employees, the bank, sort code and bank account details remain the same, however a remittance advice will be needed detailing the individual deductions to ensure payments are allocated correctly. A remittance schedule template is included on page **5**. The remittance should be sent by e-mail to epayments@nottinghamcity.gov.uk or by post to the address shown below.

What if I have any queries?

Please contact us at:

Nottingham City Council

Revenues and Benefits

ADMAIL 4270

Nottingham

NG1 9YZ

Tel: 0115 718 1777

When making contact please quote the employee's eight-digit Council Tax reference number that is shown on the Order and begins "4..." or "5...". It would also be helpful if you could quote the employee's payroll reference.

Deduction tables for Council Tax Attachment of Earnings Orders made after 1 April 2007

Schedule 4 Administration & Enforcement Regulation 38 (SI1992/613 as amended by Regulation 5 (SI 2007/3395)
Deductions to be made under Attachment of Earnings Order

Table 1 - Deductions from weekly earnings

(1) Net earnings	(2) Deduction rate (percentage) %
Not exceeding £75	0
Exceeding £75 but not exceeding £135	3
Exceeding £135 but not exceeding £185	5
Exceeding £185 but not exceeding £225	7
Exceeding £225 but not exceeding £355	12
Exceeding £355 but not exceeding £505	17
Exceeding £505	17 in respect of the first £505 and 50% in respect of the remainder

Table 2 - Deductions from monthly earnings

(1) Net earnings	(2) Deduction rate (percentage) %
Not exceeding £300	0
Exceeding £300 but not exceeding £550	3
Exceeding £550 but not exceeding £740	5
Exceeding £740 but not exceeding £900	7
Exceeding £900 but not exceeding £1,420	12
Exceeding £1,420 but not exceeding £2,020	17
Exceeding £2,020	17 in respect of the first £2,020 and 50% in respect of the remainder

Table 3 - Deductions based on daily earnings

(1) Net earnings	(2) Deduction rate (percentage) %
Not exceeding £11	0
Exceeding £11 but not exceeding £20	3
Exceeding £20 but not exceeding £27	5
Exceeding £27 but not exceeding £33	7
Exceeding £33 but not exceeding £52	12
Exceeding £52 but not exceeding £72	17
Exceeding £72	17 in respect of the first £72 and 50% in respect of the remainder

Attachments Priority Table

		Action for Employer	Relevant Regulations
Council Tax Attachment of Earnings Order	and Council Tax Attachment of Earnings Order	Apply Attachment of Earnings Order in date order, applying later order to residue of earnings	Regulation 42 (1) of Council Tax (Administration and Enforcement) Regulations (SI 1992/613), as substituted by SI 992/3008
Council Tax Attachment of Earnings Order	and 1971 Act Attachment of Earnings Order	Apply Attachment of Earnings Order in date order, applying later order to residue of earnings (but see note 1 below)	Regulation 42 (1) of Council Tax (Administration and Enforcement) Regulations (SI 1992/613), as substituted by SI 1992/3008
Council Tax Attachment of Earnings Order	and Child Support Deductions from Earnings Order	Apply Attachment of Earnings Order in date order, applying later order to residue of earnings	Regulation 42 (1) of Council Tax (Administration and Enforcement) Regulations (SI 1992/613), as substituted by SI 1992/3008

Note (1)

An employer shall not deal with a non-priority order until he has dealt with the Council Tax Attachment of Earnings Order or Attachment of Earnings Orders and any other order under the Attachment of Earnings Act 1971 or Section 31(2) of the Child Support Act 1991. In this context a non-priority order is an order made on or after 1st April 1993 under the 1971 Act either wholly or in part in respect of the payment of a judgment debt or payments under an administration order.

Attachment of Earnings Order – The Law

The City Council is obliged to send you full details with regards to the order. Below are the regulations concerning your responsibilities as an Employer.

Interpretation And Application

32.-(1) In this Part -

- "attachment of allowances order" means an order under regulation 44;
- "attachment of earnings order" means an order under regulation 37;
- "charging order" means an order under regulation 50;
- "debtor" means a person against whom a liability order has been made;
- "earnings" means sums payable to a person-

(a) by way of wages or salary (including any fees, bonus, commission, overtime pay or other emoluments payable in addition to wages or salary or payable under a contract of service); or
(b) by way of statutory sick pay,
but, in so far as the following would otherwise be treated as earnings, they shall not be treated as such;

- (i) sums payable by any public department of the Government of Northern Ireland or of a territory outside the United Kingdom;
- (ii) pay or allowances payable to the debtor as a member of Her Majesty's forces; other than pay or allowances payable to his employer to him as a special member of a reserve force (within the meaning of the Reserve Forces Act 1996)
- (iii) allowances or benefit payable under the Social Security Acts;
- (iiia) a tax credit (within the meaning of the Tax Credits Act 2002);
- (iv) allowances payable in respect of disablement or disability; and
- (v) wages payable to a person as a seaman, other than wages payable to him as a seaman of a fishing boat;
- (vi) tax credits within the meaning of the Tax Credits Act 2002.

["the Income Support Regulations" means the Council Tax (Deductions from Income Support) Regulations 1993]

"liability order" means an order under regulation 34 or regulation 36A(5); and

"net earnings" in relation to an employment means the residue of earnings payable under the employment after deduction by the employer of-

- (a) income tax;
- (b) primary Class 1 contributions under Part 1 of the Social Security Contributions and Benefits Act 1992; and
- (c) amounts deductible under any enactment, or in pursuance of a request in writing by the debtor, for the purposes of a superannuation scheme, namely any enactment, rules, deed or other instrument providing for the payment of annuities or lump sum
 - (i) to the persons with respect to whom the instrument has effect on their retirement at a specified age or on becoming incapacitated at some earlier age, or
 - (ii) to the personal representatives or the widows, widowers, surviving civil partners, relatives or dependants of such persons on their death or otherwise, whether with or without any further or other benefits; [and where an order under regulation 32 (making of attachment of earnings order) of the Community Charges (Administration and Enforcement) Regulations 1989 made before the making of the attachment of earnings order concerned remains in force,
- (d) any amount required to be deducted in accordance with that order.]

(2) In sub-paragraph (v) of the definition of "earnings" in paragraph (1) above expressions used in the Merchant Shipping Act 1894 have the same meanings as in that Act.

(3) Regulations 33 to 53 apply for the recovery of a sum which has become payable to a billing authority under Part V and which has not been paid; but their application in relation to a sum for which persons are jointly and severally liable under that Part is subject to the provisions of regulation 54 (joint and several liability).

(4) References in this Part to a sum which has become payable and which has not been paid include references to a sum forming part of a larger sum which has become payable and the other part of which has been paid.

[(5) Any reference in this Part to the day on or time at which a notice is issued, is a reference

- (a) If the notice is served in the manner described in section 233(2) of the Local Government Act 1972 by being left at, or sent by post to, a person's proper address, to the day or on time at which it is so left or posted, or
- (b) in any other case, to the day on or time at which the notice is served.

Deductions Under Attachment Of Earnings Order

38.-(1) Subject to paragraphs (2) and (3), the sum to be deducted by an employer under an attachment of earnings order on any pay day shall be-

- (a) where the debtor's earnings from the employer are payable weekly, a sum equal to the appropriate percentage of the net earnings otherwise payable on that pay-day; and for this purpose the appropriate percentage is the percentage (or percentages) specified in column 2 of Table A in Schedule 4 in relation to the band in column 1 of that Table within which the net earnings fall;
- (b) where his earnings from the employer are payable monthly, a sum equal to the appropriate percentage of the net earnings otherwise payable on that pay-day; and for this purpose the appropriate percentage is the percentage (or percentages) specified in column 2 of Table B in Schedule 4 in relation to the band in column 1 of that Table within which the net earnings fall;
- (c) where his earnings from the employer are payable at regular intervals of a whole number of weeks or months, the sum arrived at by -

- (i) calculating what would be his weekly or monthly net earnings by dividing the net earnings payable to him by the employer on the pay-day by that whole number (of weeks or months, as the case may be),
- (ii) ascertaining the percentage (or percentages) specified in column 2 of Table A (if the whole number is of weeks) or of Table B (if the whole number is of months) in Schedule 4 opposite the band in column 1 of that Table within which the notional net earnings calculated under paragraph (i) fall, and
- (iii) calculating the sum which equals the appropriate percentage (or percentages) of the notional net earnings for any of those weeks or months and multiplying that sum by the whole number of weeks or months, as appropriate.

(2) Where paragraph (1) applies and the amount to be paid to the debtor on any pay-day includes an advance in respect of future pay, the sum to be deducted on that pay-day shall be the aggregate of the amount which would otherwise fall to be deducted under paragraph (1) and-

(a) where the amount advanced would otherwise have been paid on a single pay-day, the sum which would have been deducted on that pay-day in accordance with paragraph (1) if the amount advanced had been the amount of net earnings on that day; or

(b) where the amount advanced would otherwise have been paid on more than one pay-day, the sums which would have been deducted on each of the relevant pay-days in accordance with paragraph (1) if

(i) an equal proportion of the amount advanced had been paid on each of those days; and

(ii) the net earnings of the debtor on each of those days had been an amount equal to that proportion.

(3) Where the amount payable to the debtor on any pay-day is reduced by reason of an earlier advance of pay [deleted], the net earnings of the debtor on that day shall, for the purposes of paragraph (1), be the amount defined in regulation 32(1) less the amount of the deduction.

(4) Subject to paragraphs (5) and (6), where the debtor's earnings from the employer are payable at regular intervals other than at intervals to which paragraph (1) applies, the sum to be deducted on any pay-day shall be arrived at by-

(a) calculating what would be his daily net earnings by dividing the net earnings payable to him by the employer on the pay-day by the number of days in the interval,

(b) ascertaining the percentage (or percentages) specified in column 2 of Table C in Schedule 4 opposite the band in column 1 of that Table within which the notional net earnings calculated under sub-paragraph (a) fall, and

(c) calculating the sum which equals the appropriate percentage (or percentages) of the notional daily net earnings and multiplying that sum by the number of days in the interval.

(5) Where the debtor's earnings are payable as mentioned in paragraph (4), and the amount to be paid to the debtor on any pay-day includes an amount advanced in respect of future pay, the amount of the debtor's notional net earnings under subparagraph (a) of that paragraph shall be calculated in accordance with the formula

Formula – $\frac{A+B}{C+D}$

where-

A is the amount of net earnings payable to him on that pay-day (exclusive of the amount advanced);

B is the amount advanced;

C is the number of days in the period for which the amount of net earnings is payable; and

D is the number of days in the period for which, but for the agreement to pay in advance, the amount advanced would have been payable.

(6) Paragraph (3) applies in relation to paragraph (4) as it applies in relation to paragraph (1).

(7) Where earnings are payable to a debtor by the employer by 2 or more series of payments at regular intervals-

(a) if some or all of the intervals are of different lengths

(i) for the purpose of arriving at the sum to be deducted, whichever of paragraphs (1), (2), (3), (4), (5) and (6) is appropriate shall apply to the series with the shortest interval (or, if there is more than one series with the shortest interval, such one of those series as the employer may choose), and

(ii) in relation to the earnings payable in every other series, the sum to be deducted shall be 20 per cent. of the net earnings or, where on any pay-day an amount advanced is also paid, 20 per cent. of the aggregate of the net earnings and the amount advanced;

(b) if all of the intervals are of the same length, whichever of paragraphs (1), (2), (3), (4), (5) and (6) is appropriate shall apply to such series as the employer may choose and subparagraph (a)(ii) shall apply to every other series,

and paragraph (3) shall apply in relation to sub-paragraph (a)(ii) above as it applies in relation to paragraph (1).

(8) Subject to paragraphs (9) and (10), where the debtor's earnings from the employer are payable at irregular intervals, the sums to be deducted on any pay-day shall be arrived at by -

(a) calculating what would be his daily net earnings by dividing the net earnings payable to him by the employer on the pay-day

(i) by the number of days since earnings were last payable by the employer to him, or
(ii) if the earnings are the first earnings to be payable by the employer to him with respect to the employment in question, by the number of days since he began the employment;

(b) ascertaining the percentage (or percentages) specified in column 2 of Table C of Schedule 4 opposite the band in column 1 of that Table within which the notional net earnings calculated under sub-paragraph (a) fall; and

(c) calculating the sum which equals the appropriate percentage (or percentages) of the daily net earnings and multiplying that sum by the same number as that of the divisor for the purposes of the calculation mentioned in sub-paragraph (a).

(9) Where on the same pay-day there are payable to the debtor by the employer both earnings payable at regular intervals and earnings payable at irregular intervals, for the purpose of arriving at the sum to be deducted on the pay-day under the foregoing provisions of this regulation all the earnings shall be aggregated and treated as earnings payable at the regular interval.

(10) Where there are earnings payable to the debtor by the employer at regular intervals on one pay-day, and earnings are payable by the employer to him at irregular intervals on a different pay-day, the sum to be deducted on each of the pay-days on which the earnings which are payable at irregular intervals are so payable shall be 20 per cent. of the net earnings payable to him on the day.

Attachment Of Earnings Orders: Ancillary Powers And Duties Of Employers And Others Served

39.- (1) An employer who deducts and pays amounts under an attachment of earnings order may, on each occasion that he makes such a deduction, also deduct from the debtor's earnings the sum of one pound towards his administrative costs.

(2) An employer who deducts and pays amounts under an attachment of earnings order shall, in accordance with paragraph (3), notify the debtor in writing of -

(a) the total amount of the sums (including sums deducted under paragraph (1)) deducted under the order up to the time of the notification; or

(b) the total amount of the sums (including sums deducted under paragraph (1)) that will fall to be so deducted after that time.

(3) A notification under paragraph (2) must be given at the time that the pay statement given by the employer to the debtor next after a deduction has been made is so given, or if no such statements are usually issued by the employer, as soon as practicable after a deduction has been made.

(4) A person on whom a copy of an attachment of earnings order has been served shall in accordance with paragraph (5), notify in writing the authority which made the order if he does not have the debtor against whom it was made in his employment or the debtor subsequently ceases to be in his employment.

(5) A notification under paragraph (4) must be given within 14 days of the day on which the copy of the order was served on him or the debtor ceased to be in his employment (as the case may be).

(6) While an attachment of earnings order is in force, any person who becomes the debtor's employer and knows that the order is in force and by what authority it was made shall notify that authority in writing that he is the debtor's employer.

(7) A notification under paragraph (6) must be given within 14 days of the day on which the debtor became the person's employee or of the day on which the person first knows that the order is in force and the identity of the authority by which it was made, whichever is the later.

Attachment Of Earnings Orders: Duties Of Debtor

40.-(1) While an attachment of earnings order is in force, the debtor in respect of whom the order has been made shall notify in writing the authority which made it of each occasion when he leaves an employment or becomes employed or re-employed, and (in a case where he becomes so employed or re-employed) shall include in the notification a statement of-

(a) his earnings and (so far as he is able) expected earnings from the employment concerned,

(b) the deductions and (so far as he is able) expected deductions from such earnings

(i) in respect of income tax;

(ii) in respect of primary Class 1 contributions under Part 1 of the Social Security Contributions and Benefits Act 1992;

(iii) for the purposes of such a superannuation scheme as is mentioned in the definition of "net earnings" in regulation 32(1).

(c) the name and address of the employer, and

(d) his work or identity number in the employment (if any).

(2) A notification under paragraph (1) must be given within 14 days of the day on which the debtor leaves or commences (or recommences) the employment (as the case may be), or (if later) the day on which he is informed by the authority that the order has been made.

Attachment Of Earnings Orders: Ancillary Powers And Duties Of Authority

41.-(1) Where the whole amount to which an attachment of earnings order relates has been paid (whether by attachment of earnings or otherwise) the authority by which it was made shall give notice of the fact to any person who appears to it to have the debtor in his employment and who has been served with a copy of the order.

(2) The authority by which an attachment of earnings order was made may, on its own account or on the application of the debtor or an employer of the debtor, make an order discharging the attachment of earnings order; and if it does so it shall give notice of that fact to any person who appears to it to have the debtor in his employment and who has been served with a copy of the order.

(3) If an authority serves a copy of an attachment of earnings order in accordance with regulation 37(3), it shall (unless it has previously done so) also serve a copy of the order on the debtor.

Priority As Between Orders

42.-(1) Where an employer would, but for this paragraph, be obliged to make deductions on any pay-day under more than one attachment of earnings order, he shall-

- (a) deal with the orders according to the respective dates on which they were made, disregarding any later order until an earlier one has been dealt with; and
- (b) deal with any later order as if the earnings to which it relates were the residue of the debtor's earnings after the making of any deduction to comply with any earlier order.

(2) Subject to paragraph (3), where an employer would, but for this paragraph, be obliged to comply with one or more attachment of earnings order and with one or more deduction order, he shall deal with the orders according to the respective dates on which they were made in like manner as under paragraph (1).

(3) An employer shall not deal with a deduction order made either wholly or in part in respect of the payment of a judgement debt or payments under an administration order until he has dealt with the attachment of earnings order or orders and any other deduction order.

(4) In this regulation "deduction order" means an order under the Attachment of Earnings Act 1971 or Section 31(2) (deductions from earnings orders) of the Child Support Act 1991.

Council Tax Attachment of Earnings Notification To Be Returned to Nottingham City Council By Employer

Nottingham City Council's Council Tax Recovery Department has issued an attachment of earnings for the following person:

Name:

Council Tax Reference:

(Eight digit number starting "4" or "5" shown on front of Order)

I can confirm that the above named person (please tick appropriate box):

A: I can confirm that the above is an employee of our company and deductions will commence on the ___ / ___ / ___

B: Does not work, or no longer works for this organization (please state which below)
(Please state full name and address of their new employer if known)

C: Any other reason

I confirm the information given is correct to the best of my knowledge and belief:

Signed:

Print Name:

Date:

Contact Phone Number:

Contact E-mail:

Please send the completed form to:

Nottingham City Council
Revenues and Benefits
ADMAIL 4270
Nottingham
NG1 9YZ

Or submit online at: www.nottinghamcity.gov.uk/counciltax

Tel: 0115 718 1777