

## **Employers & Employees Guidance for Council Tax Attachment of Earnings Orders**

A Council Tax Attachment of Earnings Order (CTAEO) is a legal document that places certain duties on the debtor and his employer which are explained below.

If you are familiar with ordinary Attachment of Earnings Orders usually made by the courts you should note that there are some important differences to a CTAEO. Namely, it is made by a Local Authority rather than a court, and there are no protected earnings with a CTAEO.

### **What an Employer must do?**

#### **You must:**

- make deductions from the employees net earnings under the CTAEO as soon as possible;
- calculate the deductions using the tables on page 5;
- tell the employee the total cumulative deductions made under the Order;
- pay the deductions to the Local Authority no later than the 19<sup>th</sup> day of the month following the month in which the deduction was made.

Having made the statutory deduction which must be paid to the council in full, you may then deduct an additional £1.00 from your employees pay each time you make a deduction towards your own administrative costs.

### **Notifications**

You must inform the Local Authority in writing within 14 days if the relevant individual is not an employee.

You must also inform the Local Authority within 14 days if a debtor for whom a CTAEO is in place leaves your employment.

The Local Authority should also be informed if anyone subject to a CTAEO becomes your employee, within 14 days of the date when you become aware that an Order is in force.

### **How long will the Order last?**

Deductions should be made each pay day until the total amount specified on the Order has been paid to the Authority, or until the person has left your employment, or until the Order is discharged by the Local Authority.

### **What amount should be deducted?**

The amount to be deducted will depend on the total net earnings of the debtor.

Net earnings are defined as pay after deduction of Income Tax, primary class 1 National Insurance contribution, Superannuation contributions and amounts deducted under any Attachment of Earnings Order made before the CTAOE is made. Earnings do not include Working Families Tax Credit. The tables on Page 5 specify the percentage to deduct according to the net earnings and the frequency of the pay period.

## **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) and statutory sick pay.

### **Earnings do not include:**

- sums payable by public departments of the Government of Northern Ireland or of a territory outside of the United Kingdom;
- the 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;
- wages payable to a person as a seaman, other than a seaman of a fishing boat;
- youth training allowances.

## **How to use the Tables on page 5:**

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 then read across to column (2) to find the percentage and then calculate the amount to be deducted.

Note: there are three tables, A, B and C for use in respect of weekly, monthly or daily earnings.

## **What should you do if your employee is not paid on a weekly, monthly or daily basis?**

### **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. The weekly payment Table A should then be used to calculate the appropriate weekly deduction and the resulting amount multiplied by the number of weeks in the pay period.

**More than one month**

If a person is paid at intervals of a whole number of months, e.g. once every three months, the net earnings should be divided by the number of months in the pay period. Table B for monthly deductions should then be used to work out the appropriate amount which is then multiplied by the number of months in the period.

**Regular intervals but not whole weeks or months**

If a person is paid at regular intervals, e.g. once every 15 days but not at intervals of a whole number of weeks or months, then the net earnings should be divided by the the number of days. Table C for the daily deductions should then be used to work out the appropriate daily rate, which should then be multiplied by the number of days in the period.

**Irregular intervals**

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

**Regular and Irregular intervals**

If on the same day the person is to be paid regular period earnings and irregular period earnings these amounts should be added together and treated as regular interval earnings and Table C used to work out the appropriate deductions.

**How does Holiday Pay paid in advance effect the deduction?**

The amount to deduct is the sum of:

- the amount that would have been deducted on the pay day if there had been no advance and
- the amount that would have been deducted if the amount in advance has been paid on the normal pay day or days.

**What should you do about loans made for other purposes?**

Loans made for other purposes e.g. the purchase of a season ticket or for help with moving house are not advances of pay and should not be counted as earnings. You should calculate the amount on the basis of net earnings BEFORE making the deduction for repayment of a loan.

**What should you do if there is an Attachment of Earnings Order already in force or you 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 the 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 order 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 the other orders)

#### **Note**

**Employers commit an offence if:**

- **they fail to comply with the CTAOE unless they can prove all reasonable steps were taken to comply;**
- **they fail to give all required notifications relating to the CTAOE;**
- **in giving notification the employers makes a statement which they know to be false in a material particular, or recklessly makes a statement which is false in a material particular.**

**THE MAXIMUM FINE IN RESPECT OF THE ABOVE IS £1000.00**

## Schedule 4

### DEDUCTIONS TO BE MADE UNDER ATTACHMENT OF EARNINGS ORDER

**TABLE A – Deductions for Weekly earnings**

<b>(1) Net earnings</b>	<b>(2) Deduction rate</b>
Not exceeding £75.00	0%
Exceeding £75.00 but not exceeding £135.00	3%
Exceeding £135.00 but not exceeding £185.00	5%
Exceeding £185.00 but not exceeding £225.00	7%
Exceeding £225.00 but not exceeding £335.00	12%
Exceeding £335.00 but not exceeding £505.00	17%
Exceeding £505.00	17% in respect of first £505.00 and 50% in respect of the remainder.

**TABLE B – Deductions for Monthly earnings**

<b>(1) Net earnings</b>	<b>(2) Deduction rate</b>
Not exceeding £300.00	0%
Exceeding £300.00 but not exceeding £550.00	3%
Exceeding £550.00 but not exceeding £740.00	5%
Exceeding £740.00 but not exceeding £900.00	7%
Exceeding £900.00 but not exceeding £1420.00	12%
Exceeding £1420.00 but not exceeding £2020.00	17%
Exceeding £2020.00	17% in respect of first £2020.00 and 50% in respect of the remainder.

**TABLE C – Deductions for Daily earnings**

<b>(1) Net earnings</b>	<b>(2) Deduction rate</b>
Not exceeding £11.00	0%
Exceeding £11.00 but not exceeding £20.00	3%
Exceeding £20.00 but not exceeding £27.00	5%
Exceeding £27.00 but not exceeding £33.00	7%
Exceeding £33.00 but not exceeding £52.00	12%
Exceeding £52.00 but not exceeding £72.00	17%
Exceeding £72.00	17% in respect of first £72.00 and 50% in respect of the remainder.

## HOW TO PAY

### Online

To make payments via the internet by debit/credit card log on to [www.gosport.gov.uk/payments](http://www.gosport.gov.uk/payments) and follow the on screen instructions.

### Telephone

To make payments via telephone by debit/credit card, call our 24 hour FREEPHONE payment line 08000 213 995 and follow the instructions, or call us direct on telephone number 023 9258 4242 to make a payment during office hours.

### Personal Call

Payments may be made at the Town Hall, Monday to Friday, 9:00 am to 4:45 pm.

### Post

Cheques should be made payable to Gosport Borough Council and sent to:

Gosport Borough Council  
Town Hall  
High Street  
Gosport  
Hampshire  
PO12 1EB

**Please do not send cash in the post.**

### Bank Payments

Please quote the following details when making a payment via your bank:

<b>Bank:</b>	National Westminster
<b>Sort code:</b>	57-81-43
<b>Bank account number:</b>	0000 0000
<b>Account name:</b>	Borough of Gosport

Please remember to quote the Council Tax Reference Number when making payments. If making payments for more than one employee, please ensure that the individual amounts and Reference Numbers are quoted. If paying online or via the automated telephone line, separate payments for each employee will be required.

## **Regulations for Attachment of Earnings Orders**

**The following regulations form part of the Council Tax Attachment of Earnings Order.**

**Regulations 32 and 38 to 42 of, and Schedule 4 to, The Council Tax (Administration and Enforcement) regulations 1992 (as amended)**

Interpretation and application of Part VI

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 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.
- iii. allowances or benefit payable under Social Security Acts.
- 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.

“The Income Support Regulations” means The Council Tax (Deductions from Income Support) Regulations 1993.

“Liability Order” means an order under Regulation 34.

“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 I 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 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 of the widows, 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 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 severally 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 223(2) of the Local Government Act 1972 by being left at, or sent by post to, a person’s proper address, to the day on or time at which it is left or posted, or
- b) in any other case, to the day or time at which the notice is served.

### **Deductions under attachment of earnings order**

38. (1) subject to paragraph (2) and (3), the sum to be deducted by an employer under an attachment of earnings order or 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 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 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 number is of weeks) or 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 (1) 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 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.
  - (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, or by reason of the repayment by the debtor of a loan made to him by his employer for any purpose, 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 paragraph (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 the 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 sub-paragraph (a) of that paragraph shall be calculated in accordance with the formula:

$$\frac{A + B}{C + D} \text{ where:}$$

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 chose).
    - (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 chose and sub-paragraph (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) ascertain the percentage (or percentages) specified in column 2 of Table C 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 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 sums (including sums deducted under paragraph (1) that will fall to be so deducted after the 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 this 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 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 debtors**

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 (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 I 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 to 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 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.

(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 to the debtor.

### **Priority as between orders**

42.1 (1) Where an employer would, but for this paragraph, be obliged to make deductions on any pay-day under more than one 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.

#### **Schedule 4**

##### **DEDUCTIONS TO BE MADE UNDER ATTACHMENT OF EARNINGS ORDER**

**TABLE A – Deductions for Weekly earnings**

<b>(1) Net earnings</b>	<b>(2) Deduction rate</b>
Not exceeding £75.00	0%
Exceeding £75.00 but not exceeding £135.00	3%
Exceeding £135.00 but not exceeding £185.00	5%
Exceeding £185.00 but not exceeding £225.00	7%
Exceeding £225.00 but not exceeding £335.00	12%
Exceeding £335.00 but not exceeding £505.00	17%
Exceeding £505.00	17% in respect of first £505.00 and 50% in respect of the remainder.

**TABLE B – Deductions for Monthly earnings**

<b>(1) Net earnings</b>	<b>(2) Deduction rate</b>
Not exceeding £300.00	0%
Exceeding £300.00 but not exceeding £550.00	3%
Exceeding £550.00 but not exceeding £740.00	5%
Exceeding £740.00 but not exceeding £900.00	7%
Exceeding £900.00 but not exceeding £1420.00	12%
Exceeding £1420.00 but not exceeding £2020.00	17%
Exceeding £2020.00	17% in respect of first £2020.00 and 50% in respect of the remainder.

**TABLE C – Deductions for Daily earnings**

<b>(1) Net earnings</b>	<b>(2) Deduction rate</b>
Not exceeding £11.00	0%
Exceeding £11.00 but not exceeding £20.00	3%
Exceeding £20.00 but not exceeding £27.00	5%
Exceeding £27.00 but not exceeding £33.00	7%
Exceeding £33.00 but not exceeding £52.00	12%
Exceeding £52.00 but not exceeding £72.00	17%
Exceeding £72.00	17% in respect of first £72.00 and 50% in respect of the remainder.

If you need this document in large print, on CD or tape, in Braille or in another language, please ask.