

Parental Pay

This factsheet is designed to give a brief overview of the pay available to new Mothers and Fathers in the form of statutory payment (Maternity and Paternity pay).

Statutory Maternity Pay

Statutory Maternity Pay is paid to female employees who have had, or are about to have, a baby provided they have been in the same employment throughout their pregnancy and is compulsory where the employee fulfils certain requirements.

The Requirements

SMP is payable provided the employee has:

- taken her maternity leave, no SMP is payable for any week in which the employee does some work
- given 28 days notice of her maternity leave (unless with good reason)
- provided medical evidence with a form (MATB1)
- been employed continuously for 26 weeks up to and including her qualifying week
- had average weekly earnings above the Lower Earnings Limit in the relevant period.

It is important to note that mothers have a legal entitlement to take up to 26 weeks off around the time of the birth of their baby whether or not they qualify for SMP. In addition, subject to 26 weeks service up to and including her qualifying week, many mothers have a legal entitlement to take up to a further 26 weeks unpaid leave so that many mothers can choose to take up to one year off in total.

The Amount Payable

SMP is payable for a maximum of 39 weeks at the following rates in 2012/13:

- first six weeks at 90% AWE (see below)
- up to a further 33 weeks at
 - 90% of AWE or
 - £135.45 per week, whichever is the lowest.

SMP is treated as normal pay and taxed accordingly.

Average weekly earnings (AWE)

AWE need to be calculated for two purposes:

- to determine if the employee is entitled to SMP (earnings must be above the Lower Earnings Limit) and
- to establish the rate of SMP.

The average is calculated by reference to the employee's relevant period. This is based on an eight week period up to the end of the qualifying week. In some instances subsequent pay rises have to be taken into account when calculating SMP. Earnings for this purpose are the same as for Class 1 NIC and include SSP.



Recovery of SMP

Should your company qualify for Small Employers' Relief (SER) you will receive funding for 100% of the SMP payable plus 3% NIC compensation. To qualify for SER, the total gross Class 1 NIC for the employee's qualifying

tax year must be less than £45,000. The employee's qualifying tax year is the last complete tax year that ends before the start of her qualifying week.

Statutory Paternity Pay

SPP is paid to partners who take time off to care for the baby or support the mother in the first few weeks after the birth. It is available to:

- a biological father
- a partner/husband or civil partner who is not the baby's biological father
- a mother's female partner in a same sex couple;

The partner must have

- given 28 days notice of his paternity leave (unless with good reason)
- provided a declaration of family commitment on form SC3
- been employed continuously for 26 weeks up to and including his qualifying week
- had average weekly earnings above the Lower Earnings Limit in the relevant period.

The Amount Payable

SPP is payable for a maximum of 2 weeks and must be taken in one block i.e. as 1 week or 2 but not 2 single weeks with a working week in between. It is payable at the following rate in 2012/13:

- the lower of:
 - 90% of AWE
 - £135.45 per week

SPP is treated as normal pay and taxed accordingly.

The calculation of average weekly earnings and the recovery of SPP are subject to the same rules as for SMP.

Glossary of Terms

The Week the baby is due

The week in which the baby is expected to be born, this starts on a Sunday.

Qualifying week (QW)

The 15th week before the week the baby is due. The week the baby is due and QW are easy to establish from the SMP tables available on the HMRC website.

Maternity Pay Period (MPP)

The period of up to 26 weeks during which SMP can be paid.

MATB1 Form

Maternity certificate provided by a midwife or doctor. This is available up to 20 weeks before the baby is due. SMP cannot be paid without this.

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