



Child Maintenance Welcome Pack for Employers

Your step-by-step
guide to setting
up and processing
a Deduction from
Earnings Order

Processing a Deduction from Earnings Order (DEO) is an important role which the law requires you to do. We appreciate the effort that you and tens of thousands of employers make to help families across the UK. So these are **Our Promises to You.**

Straightforward

You'll be able to trust the information we provide

We'll be clear and consistent

We'll provide clear and understandable instructions

Effective

We'll keep the promises we make

You'll only need to tell us something once

We'll be persistent

Understanding

We'll be open and honest with you

We'll listen to your feedback

We'll always consider your circumstances

Your Welcome Pack

This is your *Welcome Pack*, a step-by-step guide to processing deduction from earnings orders (DEOs). You're receiving this because at least one of your employees has a DEO. This guide explains everything you need to do as an employer - why you need to make these deductions, what they're for, and how you do it. We'll also tell you about the Self-service website which is the quickest, easiest and most secure way to manage your DEOs in one place. All the important information you'll need is here - **Please keep it safe.**

What is child maintenance?

Child maintenance is regular and reliable support that helps towards bringing up a child. When parents aren't together, the parent who doesn't care for the child on a day-to-day basis usually pays child maintenance to the parent who does. We call these the *paying parent* and the *receiving parent*. The Child Maintenance Service - which is replacing the Child Support Agency - calculates how much each parent should pay. Sometimes parents pay each other directly, sometimes the paying parent pays the Child Maintenance Service and we pass it on to the receiving parent. In some cases though, we need to deduct maintenance directly from the earnings of the paying parent.

What is a deduction from earnings order (DEO)?

A DEO is a way of collecting child maintenance directly from a parent's earnings. You'll receive a DEO when we need you to take regular payments from your employee's earnings and send them to us. We only issue a DEO if

- we are asked to by the paying parent
- the paying parent hasn't paid child maintenance correctly and on time, or
- the paying parent hasn't agreed how they will pay.

What the law says you must do

Your assistance is crucial in making sure children receive the financial support they need. When we send you a DEO for one of your employees, the law says you must

- make the regular deductions we ask for
- tell us if an employee with a DEO leaves your employment
- tell us straight away if you are having problems starting up a DEO and
- send payments to us by the due date each month.



Everything you need to do is explained in the rest of this guide. Please read it carefully and keep it for your information.

Your first notification from us

The first letter you'll receive from us is a DEO notification. You can see an example below. We've highlighted the important information. This is our legal notice for you to start a DEO for this particular employee. You'll receive one of these for each employee with a DEO.

This explains that you have a legal responsibility to set up a DEO and pay us the amount we request. If you don't, you could be prosecuted under section 32 (8) of the Child Support Act 1991 (Article 32(8) of the Child Support (NI) Order 1991 in Northern Ireland). It's important to read through this.

Deductions from earnings order

Details of person deductions should be made from:

Client reference number: AB123456C
 National Insurance number: Em Ployee
 Employee name: 234 Carmichael Road
 Home address: Sedgley
 West Midlands
 B71 3DB

Employer: DE Opticians
 Employer registered address: 12 Church Lane
 Great Bridge
 West Midlands

The details of your employee

This order is made by Child Maintenance and Enforcement Commission under child support law. You, the employer, must apply the provisions of Part 3 of the Child Support (Collection and Enforcement) Regulations 1992 in England, Wales and Scotland, and Child support (Collection and Enforcement) Regulations (Northern Ireland) 1992 in Northern Ireland.

This order replaces any other issued for the person named on the top of the order with the same and National Insurance number, if one has been issued to you previously.

You will need to make deductions from the 6th to the 5th of each month. For example, if you run your payroll on 30th September, the deduction you make must cover 6th September to 5th October. You should send any deduction to us as soon as you can. Payment **must** reach us no later than the 19th day of the month following the deduction. In the example above, payment must reach us by 19th October.

Until that date you should continue to take the amounts shown on the previous order.

How much you should take

You should take the following amount from their earnings. The amount to be deducted is dependent on their pay frequency:

Collection Period		Amount Monthly	Regular payment amounts		
From	To		Weekly	2 Weekly	4 Weekly
06/01/2016	05/02/2016	£400	£92.30	£184.60	£369.20
					* add/delete rows as required

If the dates above do not match your employee's pay date, you must take the amount we have asked for on the nearest pay date, even if their pay date is earlier.

These are the amounts to deduct - but these amounts might change.
 After you've set up these deductions, it's important you follow the monthly schedules that we send you. We'll explain those on the next page.

Protected earnings

The protected earnings proportion is **60%** of your employee's net earnings in each pay period.


What's next?

From then on, we'll send you a monthly payment schedule similar to the one below. Each month, this will list all your employees who have a DEO together with the deductions you need to make. In this example, there is only one employee.

Section 2: Child Maintenance Service DERs/DEOs

Don't forget the PEP: Please remember that deductions must not exceed the non-protected amount of your employee's net earnings. Parents paying child maintenance through the Child Maintenance Service have a protected earnings amount of 60% of their net earnings for the period (after tax, NI and pension scheme deductions). Your deduction should not exceed 40% of their net earnings for the period.

#	First Name	Surname	NI Number	Employee's Scheme Reference Number	Monthly Amount Due	Actual Deduction	Reason for Payment Difference
Em		Ployee	AB123456C	10001213214	358.91		



You must fill in every box and not leave any blank. We don't want to cause you more work than necessary, but if any section is not completed we'll have to contact you before we can process your payment. Making sure the monthly schedule is completed before sending it to us will save you a lot of time.

Reason for Payment Difference Options:

- 01 Left Employment
- 02 Statutory Sick Pay
- 03 Statutory Maternity Pay
- 04 Statutory Paternity Pay
- 05 Protected Earnings
- 06 Change of Income
- 07 Deceased
- 08 Minimum Drawing Rate (MDR) applies [Armed Forces Only]
- 09 Not Receiving Regular Pay [Armed Forces Only]
- 10 Statutory Adoption Pay
- 11 Additional Statutory Paternity Pay
- 12 DEO cancelled at CMG Request
- 13 Redundancy

If your employee's circumstances change, the amount we ask for each month might change. That's why it's **important** to check every schedule we send you to make sure you know exactly what to deduct.

If there is a difference between what you've paid and what we've asked for, you'll need to tell us. The total amount paid on the schedule must match the payment we receive. On **Page 9**, we'll go through the reasons why you might not be able to deduct the correct amount.

How do I send the schedule back to you?

Managing DEOs doesn't have to involve a mountain of paperwork. We have a safe and secure website which you can use to do everything you need. If you register for our Self-service website, the monthly schedule will be available for you to complete online and you won't have to send us anything.

The service is totally free of charge, and is available to all employers who are asked to process a DEO by the Child Maintenance Service.

To register simply visit **childmaintenanceservice.direct.gov.uk/employer**

As well as completing your monthly schedule, you can login at any time to:

- make a card payment
- view your payment history
- send an enquiry or give us feedback
- update your contact details, and much more.

As well as being able to complete the monthly schedule online, you can also upload a report generated by a spreadsheet or any payroll software that you use.



Before you return or complete your monthly schedule, you need to add any existing DEO's that you currently have in place for the Child Support Agency. Over the next few years the Child Support Agency will close fully and be replaced by the Child Maintenance Service. In the meantime, you may still get DEO's from the Child Support Agency as well as us. Please add any DEOs from the CSA to the monthly schedule we send you. These employees will then all appear on future monthly schedules.

You can still post a monthly schedule to us if you need to. You can send it to
Child Maintenance Service 21
Mail Handling Site A
Wolverhampton
WV98 2BU

If posting, please allow plenty of time for any delays in the post.

How to pay and by what date

Now you've deducted the right amount of money from your employees, you need to send the payment to us. It's really important that you make payments to us on time. We must receive payments **by the 19th of the following month** - this is part of your legal obligation. For example, if we ask you to deduct £200 from April's salary, we must receive this by 19th May. The earlier you send us payment the better, so as soon as you make the deductions you can send it to us.

How you pay us

Please make payment by

BACS transfer/Bank transfer	15th of the month
Cheque	10th of the month
Card payment	14th of the month



BACS transfer is the easiest and quickest way to send payments. You can also transfer the money using online or telephone banking. Use the details below to make the payments.

BACS field 1	Child Maintenance Service sort code	60-70-80
BACS field 2	Child Maintenance Service account number	10026584
BACS field 3	Account Code (if required)	0
BACS field 4	Transaction code (if required)	99
BACS field 8	Amount of deduction	Total amount of all deductions
BACS field 10	Your Employer Reference Number ONLY	A 12 digit number starting with 5
BACS field 11	Child Maintenance Service bank acc name	DWP CMG Employers

You can also pay by credit or debit card. If you've registered, log onto the Self-service website **childmaintenanceservice.direct.gov.uk/employer** and click the link in 'My Payments'. Alternatively, you can contact us by phone. Please see the back of this pack for details.

You can still pay by cheque. Please remember that this will take longer to clear. Make any cheques out to 'The Child Maintenance Service'. The cheque should match the total amount of deductions on your monthly schedule. If they don't, we'll have to contact you as we can't pass on any maintenance until it's sorted. It's vital these amounts match to avoid any children losing out.

How we work out deductions

The Child Maintenance Scheme works out how much a parent should pay for their children using their gross income. This is income before Income Tax & National Insurance, but after pension deductions. In most cases, HM Revenue & Customs (HMRC) provide us with the information we use.

An employee **must always be left with 60% of their net earnings** (after normal deductions). This is their Protected Earnings Proportion or PEP - you'll find more information on this on **page 9**.

Sometimes your employee will earn above and beyond their normal wage/salary, or receive a substitute for regular pay. We class most of this as earnings too, and it's important you still make deductions from it.

We count earnings as

- wages, fees, bonuses, commissions and overtime
- private or occupational pensions the employee receives
- Statutory Sick Pay
- Contractual maternity pay, contractual paternity pay, contractual adoption pay, contractual sick pay or contractual redundancy pay (to clarify, this is pay you give to your employee above the statutory minimum)

Even if your employee's pay contains any of these earnings, you must still deduct the maintenance payment we request.

We don't count as earnings

- any state pension, allowance or benefit
- Working Tax Credits
- any pension or allowance related to a person's disability
- Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, Statutory Redundancy Pay.

If your employee receives any pay we don't count as earnings, you'll need to tell us this on your monthly schedule. This is so we can ensure we are requesting the right amount of deductions.

I can't deduct the amounts requested

It's vital you follow the law and deduct the amounts requested. However, we know that circumstances change and it might not always be possible to deduct an amount in full. On this page, we'll highlight some reasons found on your monthly schedule (Page 5) and why you might need to use them.

Left employment - If the employee no longer works for you. You should still deduct as much of the requested amount as possible from any money you owe to your employee.

Protected earnings

Protected earnings - 60% of your employee's net earnings (after tax, NI & pension deductions) is considered to be their Protected Earnings Proportion (PEP). For that reason **you cannot deduct more than 40% of their net income** in any period. If the amount we've requested is more, please only make deductions up to this 40% amount. You'll need to carry forward any shortfall to the next period, and try to deduct the remainder then. If your employee's net earnings are regularly falling below their PEP, they will need to contact us as it is likely that we will need to amend their calculation.

Change of income - If a change in income means any deduction would affect an employee's PEP. Again, you'll need to carry forward any shortfall into the next period, and try to deduct the remainder then. It's your employee's responsibility to contact us in this situation, if they need their calculation changed.

Statutory Pay (Maternity/Paternity/Adoption) - If these are the only earnings your employee has received in that period, you won't be able to make any deductions. However, if this is only part of their earnings, you should continue to deduct as much as you can - bearing in mind your employee's PEP. As statutory pay doesn't count as earnings, your employee still needs to be left with 60% of their net earnings.

Existing deductions

Courts can make several different orders to take money direct from your employee's earnings. Depending on where in the UK they are, these can be attachment of earnings orders, Council Tax attachment of earnings orders, earnings arrestments, current maintenance arrestments and conjoined arrestment orders.

In England, Wales and Northern Ireland a DEO will always take priority unless the attachment of earnings is for a priority debt such as Council Tax. If Council Tax is already being deducted, please only make Child Maintenance deductions on the figure remaining. In Scotland, a DEO will always take priority over any other deduction.

Useful Information

- The Self-service website allows you to look up amounts due, fill in the monthly schedule online, upload a report from your payroll software, send/receive messages and more. It is by far the quickest and easiest way to manage any DEO's you have.
- You can take up to £1 from your employee for each deduction you make. This goes towards your administration costs, and is on top of the DEO amount we need you to deduct. You will need to tell your employee if you decide to do this.
- Please only make changes requested by the Child Maintenance Service, and not any requested by your employee.
- If you don't pay your employees monthly, you don't have to send their payments to us monthly. If you run your payroll more often, you can send these each week/fortnight/month or as one bulk payment
- Some employees will be unhappy that money is being taken directly from their earnings, or believe the amount is wrong. This is not a decision we take lightly, and it's not your responsibility to deal with their concerns as you're only taking the action the law requires. If your employees have any problems, ask them to call us on **0800 171 2345**.

Changes you must tell us about

It is important that you tell us about changes which affect a DEO. These include telling us

- when an employee leaves your organisation within seven days of them leaving. You can use your DEO schedule to do this if you've not returned it yet.
- if your employee receives earnings which we wouldn't include, such as Statutory Maternity Pay or other earnings described on **page 9**.
- certain other information about the employee, if we ask for it
- if you're asked you to set up a DEO for someone who doesn't work for you
- if you're having problems setting up an employee's DEO.

We value your support in helping us collect Child Maintenance payments. However, as an employer you have a legal responsibility to comply. A court can fine you £500 for each DEO payment missed, and up to £1,000 for not providing reasonable information.

We're here to help

This guide contains everything you need to begin and process a DEO. We're committed to making your part in the process as simple and straight-forward as possible.

We have a whole range of Frequently Asked Questions available at **www.gov.uk/child-maintenance**. We keep these updated to ensure the information is up to date.

If you can't find the answer to a question you have, the Employer Payment Team are available by telephone. The Employer Payment Team can also take card payments from you, as well as deal with any concerns you might have about a DEO.

You can contact the Employer Payment Team on **0800 232 1961**. They are available from 8am to 7:30pm Monday to Friday, and from 9am to 4:30pm on Saturday.

Calls to 0800 numbers are free from landlines and mobiles.

Remember: registering to use our Self-service website is the quickest, easiest and most secure way to manage your DEO's in one place.

Visit **childmaintenanceservice.direct.gov.uk/employer**

