

What are my legal obligations?

You may be asked to prove that you are paying the minimum wage. This means making sure that you keep sufficient records (the detailed guidance gives some examples). If a worker makes a written request for access to his or her own records, you must allow him or her to see them within 14 days. This deadline can be extended with the worker's agreement. If a dispute arises the burden will be on you to prove that the minimum wage has been paid rather than on the worker to prove that it has not.

Refusing to pay the minimum wage is a criminal offence. If you fail to do so, you could face a fine of up to £5,000. Dismissing a worker because he or she becomes eligible for the minimum wage or for a higher rate of the minimum wage will count as unfair dismissal. Workers do not have to serve any qualifying period in order to gain protection against this form of unfair dismissal.

How can I find out more?

If you have any questions about the minimum wage call the minimum wage helpline on **0845 6000 678**. The Inland Revenue runs the helpline on behalf of the DTI.

Calls will be charged at local rate. To help us improve the quality of our service, your call may be monitored or recorded.

Alternatively, you can write to minimum wage enquiries, Freepost PHQ1, Newcastle upon Tyne NE98 1ZH or visit the DTI minimum wage website at: **<http://www.dti.gov.uk/er/nmw>**

This leaflet is also available in large print, Braille and on audio cassette on demand. Call **0845 602 4027**, or write to DTI minimum wage, Freepost SE2693, London SE5 7XU.

For copies of the National Minimum Wage Act 1998 and the National Minimum Wage Regulations 1999, call The Stationery Office Parliamentary hotline on **0845 7023 474**.

The information contained in this leaflet is intended to provide general guidance only. It should not be regarded as a complete and authoritative statement of the law.

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NATIONAL MINIMUM WAGE

A short guide for employers

REVISED OCTOBER 2004

If you have any enquiries about the minimum wage, call the minimum wage helpline on:

0845 6000 678

For more detailed guidance call the minimum wage information line on:

0845 8450 360

and ask for a free copy of:
A detailed guide to the national minimum wage.

The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

What is the national minimum wage?

The minimum wage is a legal right which covers almost all workers in the UK. It became UK law on 1 April 1999. On **1 October 2004** the main rate of the minimum wage was raised to £4.85 an hour, from £4.50 an hour. The main rate applies from a worker's 22nd birthday.

On **1 October 2004** the youth rate of the minimum wage for workers aged 18 to 21 (inclusive) was raised to £4.10 an hour, from £3.80 an hour.

On **1 October 2004** a new rate for workers under the age of 18 who have ceased to be of compulsory school age was introduced. This rate has been set at £3.00 an hour.

If you take on a new worker aged 22 or over and you are providing accredited training, you will have to pay them, from **1 October 2004**, at least £4.10 an hour (previously £3.80) for the first six months. In this case, you will have to come to an agreement with the worker committing you to providing training on at least 26 days during that six-month period. *A detailed guide to the national minimum wage* explains which kinds of training are accredited.

Will it apply to everyone I employ?

Most workers in the UK, including homeworkers, agency workers, commission workers, part-time workers, casual workers and pieceworkers, are entitled to the minimum wage.

What counts as pay?

Not all the money you pay a worker counts as pay for the purposes of the minimum wage. For example, incentives, bonuses and performance related pay **do** count as pay, while allowances – such as regional allowances – which are not consolidated into a worker's basic pay **do not**. Extra money above basic rates that is paid for overtime or shift work does not count.

Most benefits in kind such as uniforms, meals or private health insurance are also excluded. The only benefit in kind which can be counted is accommodation. There are special rules for calculating the value of the accommodation provided which counts towards the minimum wage.

For a complete list of what does and does not count as pay, see *A detailed guide to the national minimum wage*.

What counts as hours?

The number of hours for which you have to pay your workers the minimum wage is calculated differently according to the type of work they do. There are four distinct types:

- If you pay your workers for working a set number of hours or a set period of time, they are doing time work;
- If your workers have a contract to work a set number of basic hours each year in return for an annual salary paid in equal instalments, they are doing **salaried-hours work**;
- If you pay your workers according to the number of pieces they produce or tasks they perform, they are doing **output work**. On 1 October 2004, you must either pay output workers under the 'fair' piece rate system or the minimum wage for each hour worked;
- If you pay your workers to do specific tasks, but there are no set hours, they are doing **unmeasured work**. There is an option for you to have a written agreement with a worker setting out the average number of hours he or she should work each day.

A detailed guide to the national minimum wage provides more information on all these types of work and on employer agreements.