

DomesticPaye Guide to the National Minimum Wage

The National Minimum Wage affects every nanny in the UK apart from those who live and enjoy the benefits of living within the family household.

The 2007/2008 NMW is:

£3.40 per hour (gross) for employees aged 16-17
£4.60 per hour (gross) for employees aged 18-21
£5.52 per hour (gross) for employees aged 22 and over

However from October 2008 this is increasing to:

£3.53 per hour (gross) for employees aged 16-17
£4.77 per hour (gross) for employees aged 18-21
£5.73 per hour (gross) for employees aged 22 and over

It is a criminal offence for an employer to pay below the NMW, carrying a fine of up to £5000.

Every year in October the National Minimum Wage is increased and so employers that fix their pay at that level should be aware that they will need to raise the amount each October.

If your nanny lives as part of the household and enjoys the benefits of that household then she may be excluded from the NMW. For employers who provide separate accommodation for their employees there is an allowance of £30.10 per 7-day week, which can be offset against the NMW hourly rate.

As an employer you are required by law to give your employees regular payslips, which should show the gross wage and the tax and NI deducted to arrive at their net pay. To make sure that you are paying your nanny at least the minimum wage simply divide her gross weekly salary by the number of hours worked.

If you are at all unsure please do not hesitate to contact DomesticPaye so we can make an assessment.