

## **DomesticPaye Guide to Statutory Maternity Pay (SMP)**

Statutory Maternity Pay is often an area of worry and concern for parents as it is often incorrectly assumed that they will incur large costs should their nanny become pregnant and go on Maternity Leave.

Whilst there is indeed a direct inconvenience and perhaps increased indirect costs you (as a small employer) will not have to pay the cost of your nanny's Maternity Pay.

Statutory Maternity Pay is paid to employees that have (a) worked for an employer for a long enough period (b) are still working for the employer at a specific time and (c) have been paid enough during a set period. If these criteria are not met then your nanny will need to make a claim for Maternity Allowance using a form SMP1.

Your nanny will need to have started work for you 41 weeks before her expected week of confinement (due date often referred to as an EWC). As a rule of thumb this means that if your nanny is already pregnant when she starts her work with you it is unlikely she will qualify for statutory maternity pay from you.

She will also need to still be in your employment 15 weeks before her baby is due so if her contract comes to an end before that point this will eliminate her entitlement for statutory maternity pay.

Finally, she needs to be earning an amount of money that is over the lower earnings limit, currently £90.00 per week gross.

Assuming these criteria are all met your nanny then needs to pass to you her MATB1 certificate which gives you her official due date. This certificate is then forwarded onto our office so we can make a final assessment of her claim for SMP, if we feel she is not entitled to the money we shall return the MATB1 back to the nanny along with her form SMP1 so she can make her own claim.

Assuming she is entitled to SMP your nanny should then decide when she would like to stop working for you and start her paid Maternity Leave. This can be up to 11 weeks before her baby is due.

Once on paid leave your nanny is entitled to 90% of her gross wage for the first 6 weeks and then £117.18 gross per week for the next 33 weeks or 90% whichever is the lower of the two amounts.

Before you start any payments to your nanny DomesticPaye requests from HMRC a cheque to cover all of your maternity costs including the Income Tax and NIC

payments. This leaves parents without the burden of having to wait for HMRC to refund money whilst paying out an additional salary to a cover nanny.

DomesticPaye will request this cheque 4 weeks before your nanny is due to start her maternity leave, however, the cheque can take up to 6 weeks to arrive, therefore families may find that they have to cover 1 or 2 payments to the nanny before they receive the cheque from HMRC. As her employer you are still required to make these payments on her regular pay day and cannot withhold them in waiting for the cheque to arrive.