

THIS MATTER IS BEING DEALT WITH BY  
RECOVERY SECTION

## COUNCIL TAX ATTACHMENT OF EARNINGS ORDER

### COUNCIL TAX

Regulation 38

#### SCHEDULE 4

#### DEDUCTIONS TO BE MADE UNDER ATTACHMENT OF EARNINGS ORDER

### TABLE A

#### DEDUCTIONS FROM WEEKLY EARNINGS

1. NET EARNINGS	2. DEDUCTION RATE %
Not Exceeding £75	0
Exceeding £75 but not Exceeding £135	3
Exceeding £135 but not Exceeding £185	5
Exceeding £185 but not Exceeding £225	7
Exceeding £225 but not Exceeding £355	12
Exceeding £355 but not Exceeding £505	17
Exceeding £505	17% in respect of the first £505 and 50% in respect of the remainder

# COUNCIL TAX ATTACHMENT OF EARNINGS ORDER

## COUNCIL TAX

Regulation 38

### SCHEDULE 4

#### DEDUCTIONS TO BE MADE UNDER ATTACHMENT OF EARNINGS ORDER

## TABLE B

### DEDUCTIONS FROM MONTHLY EARNINGS

1. NET EARNINGS	2. DEDUCTION RATE %
Not Exceeding £300	0
Exceeding £300 but not Exceeding £550	3
Exceeding £550 but not Exceeding £740	5
Exceeding £740 but not Exceeding £900	7
Exceeding £900 but not Exceeding £1420	12
Exceeding £1420 but not Exceeding £2020	17
Exceeding £2020	17% in respect of the first £2020 and 50% in respect of the remainder

## TABLE C

### DEDUCTIONS BASED ON DAILY EARNINGS

1. NET EARNINGS	2. DEDUCTION RATE %
Not Exceeding £11	0
Exceeding £11 but not Exceeding £20	3
Exceeding £20 but not Exceeding £27	5
Exceeding £27 but not Exceeding £33	7
Exceeding £33 but not Exceeding £52	12
Exceeding £52 but not Exceeding £72	17
Exceeding £72	17% in respect of the first £72 and 50% in respect of the remainder

REGULATIONS 32 AND 38 TO 42 OF, AND SCHEDULE 4 TO THE  
COUNCIL TAX (*ADMINISTRATION AND ENFORCEMENT*) REGULATIONS 1992

**PART VI - Enforcement**

**Interpretation and application of Part VI**

**32.** - (1) In this Part -

"attachment of allowances order" means an order under regulation 44;

"attachment of earnings order" means an order under regulation 37;

"charging order" means an order under regulation 50;

"debtor" means a person against whom a liability order has been made;

"earnings" means sums payable to a person -

(a) by way of wages or salary (*including any fees, bonus, commission, overtime pay or other emoluments payable in addition to wages or salary or payable under a contract of service*); or

(b) by way of statutory sick pay,

but, in so far as the following would otherwise be treated as earnings, they shall not be treated as such;

(i) sums payable by any public department of the Government of Northern Ireland or of a territory outside the United Kingdom;

(ii) pay or allowances payable to the debtor as a member of Her Majesty's forces; other than pay or allowances payable by his employer to him as a special member of a reserve force (within the meaning of the Reserve Forces Act 1996).

(iii) allowances or benefit payable under the Social Security Acts;

(iv) allowances payable in respect of disablement or disability; and

(v) wages payable to a person as a seaman, other than wages payable to him as a seaman of a fishing boat;

["the Income Support Regulations" means the Council Tax (*Deductions from Income Support*) Regulations 1993<sup>1</sup>]

"liability order" means an order under regulation 34; and

"net earnings" in relation to an employment means the residue of earnings payable under the employment after deduction by the employer of-

(a) income tax;

(b) primary Class 1 contributions under Part 1 of the Social Security Contributions and Benefits Act 1992; and

(c) amounts deductible under any enactment, or in pursuance of a request in writing by the debtor, for the purposes of a superannuation scheme, namely any enactment, rules, deed or other instrument providing for the payment of annuities or lump sum:-

(i) to the persons with respect to whom the instrument has effect on their retirement at a specified age or on becoming incapacitated at some earlier age, or

(ii) to the personal representatives or the widows, relatives or dependants of such persons on their death or otherwise,

whether with or without any further or other benefits;

[and where an order under regulation 32 (*making of attachment of earnings order*) of the Community Charges (*Administration and Enforcement*) Regulations 1989 made before the making of the attachment of earnings order concerned remains in force,

(d) any amount required to be deducted in accordance with that order.<sup>1</sup>]

(2) In sub-paragraph (v) of the definition of "earnings" in paragraph (1) above

expressions used in the Merchant Shipping Act 1894 have the same meanings as in that Act.

- (3) Regulations 33 to 53 apply for the recovery of a sum which has become payable to a billing authority under Part V and which has not been paid; but their application in relation to a sum for which persons are jointly and severally liable under that Part is subject to the provisions of regulation 54 (*joint and several liability*).
- (4) References in this Part to a sum which has become payable and which has not been paid include references to a sum forming part of a larger sum which has become payable and the other part of which has been paid.
- (5) Any reference in this Part to the day on or time at which a notice is issued, is a reference-
  - (a) If the notice is served in the manner described in section 233(2) of the Local Government Act 1972 by being left at, or sent by post to, a person's proper address. to the day or on time at which it is so left or posted, or
  - (b) in any, other case, to the day on or time at which the notice is served<sup>1</sup>]

### **Deductions under attachment of earnings order**

- 38.-(1) Subject to paragraphs (2) and (3), the sum to be deducted by an employer under an attachment of earnings order on any pay day shall be -
- (a) where the debtor's earnings from the employer are payable weekly, a sum equal to the appropriate percentage of the net earnings otherwise payable on that pay-day; and for this purpose the appropriate percentage is the percentage (*or percentages*) specified in column 2 of Table A in<sup>1</sup> Schedule 4 in relation to the band in column 1 of that Table within which the net earnings fall;
  - (b) where his earnings from the employer are payable monthly, a sum equal to the appropriate percentage of the net earnings otherwise payable on that pay-day; and for this purpose the appropriate percentage is the percentage (*or percentages*) specified in column 2 of Table B in<sup>1</sup> Schedule 4 in relation to the band in column 1 of that Table within which the net earnings fall;
  - (c) where his earnings from the employer are payable at regular intervals of a whole number of weeks or months, the sum arrived at by -
    - (i) calculating what would be his weekly or monthly net earnings by dividing the net earnings payable to him by the employer on the pay-day by that whole number (*of weeks or months, as the case may be*),
    - (ii) ascertaining the percentage (*or percentages*) specified in column 2 of Table A (*if the whole number is of weeks*) or of Table B (*if the whole number is of months*) in Schedule 4 opposite the band in column 1 of that Table within which the notional net earnings calculated under paragraph (i) fall, and
    - (iii) calculating the sum which equals the appropriate percentage (*or percentages*) of the notional net earnings for any of those weeks or months and multiplying that sum by the whole number of weeks or months, as appropriate.
- (2) Where paragraph (1) applies and the amount to be paid to the debtor on any pay-day includes an advance in respect of future pay, the sum to be deducted on that pay-day shall be the aggregate of the amount which would otherwise fall to be deducted under paragraph (1) and-
- (a) where the amount advanced would otherwise have been paid on a single pay-day, the sum which would have been deducted on that pay-day in accordance with paragraph (1) if the amount advanced had<sup>1</sup> been the amount of net earnings on that day; or
  - (b) where the amount advanced would otherwise have been paid on more than one pay-day, the sums which would have been deducted on each of the relevant pay-days in accordance with paragraph (1) if-
    - (i) an equal proportion of the amount advanced had been<sup>1</sup> paid on each of those days; and

(ii) the net earnings of the debtor on each of those days had been an amount equal to that proportion.

(3) Where the amount payable to the debtor on any pay-day is reduced by reason of an earlier advance of pay, the net earnings of the debtor on that day shall, for the purposes of paragraph (1), be the amount defined in regulation 32(1) less the amount of the deduction.

(4) Subject to paragraphs (5) and (6), where the debtor's earnings from the employer are payable at regular intervals other than at intervals to which paragraph (1) applies, the sum to be deducted on any pay-day shall be arrived at by-

(a) calculating what would be his daily net earnings by dividing the net earnings payable to him by the employer on the pay-day by the number of days in the interval,

(b) ascertaining the percentage (or percentages) specified in column 2 of Table C in Schedule 4 opposite the band in column 1 of that Table within which the notional net earnings calculated under sub-paragraph (a) fall, and

(c) calculating the sum which equals the appropriate percentage (or percentages) of the notional daily net earnings and multiplying that sum by the number of days in the interval.

(5) Where the debtor's earnings are payable as mentioned in paragraph (4), and the amount to be paid to the debtor on any pay-day includes an amount advanced in respect of future pay, the amount of the debtor's notional net earnings under subparagraph (a) of that paragraph shall be calculated in accordance with the formula-

$$\frac{A + B}{C + D} \text{ where -}$$

**A is the amount of net earnings payable to him on that pay day (exclusive of the amount advance);**

**B is the amount of advanced;**

**C is the number of days in the period for which the amount of net earnings is payable; and**

**D is the number of days in the period for which, but for the agreement to pay in advance, the amount advanced would have been payable.**

(6) Paragraph (3) applies in relation to paragraph (4) as it applies in relation to paragraph (1).

(7) Where earnings are payable to a debtor by the employer by 2 or more series of payments at regular intervals -

(a) if some or all of the intervals are of different lengths -

(i) for the purpose of arriving at the sum to be deducted, whichever of paragraphs (1), (2), (3), (4), (5) and (6) is appropriate shall apply to the series with the shortest interval (*or, if there is more than one series with the shortest interval, such one of those series as the employer may choose*), and

in relation to the earnings payable in every other series, the sum to be deducted shall be 20 per cent. of the net earnings or, where on any pay-day an amount advanced is also paid, 20 per cent of the aggregate of the net earnings and the amount advanced

(b) if all of the intervals are of the same length, whichever of paragraphs (1), (2), (3), (4), (5) and (6) is appropriate shall apply to such series as the employer may choose and subparagraph (a)(ii) shall apply to every other series,

and paragraph (3) shall apply in relation to sub-paragraph (a)(ii) above as it applies in relation to paragraph (1)

(8) Subject to paragraphs (9) and (10), where the debtor's earnings from the employer are payable at irregular intervals, the sums to be deducted on any pay-day shall be arrived at by-

(a) calculating what would be his daily net earnings by dividing the net earnings

payable to him by the employer on the pay-day-

- (i) by the number of days since earnings were last payable by the employer to him, or
  - (ii) if the earnings are the first earnings to be payable by the employer to him with respect to the employment in question, by the number of days since he began the employment;
- (b) ascertaining the percentage (*or percentages*) specified in column 2 of Table C of Schedule 4 opposite the band in column 1 of that Table within which the notional net earnings calculated under sub-paragraph (a) fall; and
- (c) calculating the sum which equals the appropriate percentage (*or percentages*) of the daily net earnings and multiplying that sum by the same number as that of the divisor for the purposes of the calculation mentioned in sub-paragraph (a).
- (9) Where on the same pay-day there are payable to the debtor by the employer both earnings payable at regular intervals and earnings payable at irregular intervals, for the purpose of arriving at the sum to be deducted on the pay-day under the foregoing provisions of this regulation all the earnings shall be aggregated and treated as earnings payable at the regular interval.
- (10) Where there are earnings payable to the debtor by the employer at regular intervals on one pay day, and earnings are payable by the employer to him at irregular intervals on a different pay-day, the sum to be deducted on each of the pay-days on which the earnings which are payable at irregular intervals are so payable shall be 20 per cent of the net earnings payable to him on the day.

### **Attachment of earnings orders: ancillary powers and duties of employers and others served**

#### **39**

- (1) An employer who deducts and pays amounts under an attachment of earnings order may, on each occasion that he makes such a deduction, also deduct from the debtor's earnings the sum of one pound towards his administrative costs.
- (2) An employer who deducts and pays amounts under an attachment of earnings order shall, in accordance with paragraph (3), notify the debtor in writing of-
  - (a) the total amount of the sums (*including sums deducted under paragraph (1)*) deducted under the order up to the time of the notification; or
  - (b) the total amount of the sums (*including sums deducted under paragraph (1)*) that will fall to be so deducted after that time.
- (3) A notification under paragraph (2) must be given at the time that the pay statement given by the employer to the debtor next after a deduction has been made is so given, or if no such statements are usually issued by the employer, as soon is practicable after a deduction has been made.
- (4) <sup>1</sup>A person on whom a copy of an attachment of earnings order has been served shall in accordance with paragraph (5), notify in writing the authority which made the order if he does not have the debtor against whom it was made in his employment or the debtor subsequently ceases to be in his employment.
- (5) A notification under paragraph (4) must be given within 14 days of the day on which the copy of the order was served on him or the debtor ceased to be in his employment (*as the case may be*).
- (6) <sup>1</sup>While an attachment of earnings order is in force, any person who becomes the debtor's employer and knows that the order is in force and by what authority it was made shall notify that authority in writing that he is the debtors' employer.
- (7) A notification under paragraph (6) must be given within 14 days of the day on which the debtor became the person's employee or of the day on which the person first knows that the order is in force and the identity of the authority by which it was made, whichever is the later.

### **Attachment of earnings orders: duties of debtor**

#### **40 -**

- (1) <sup>1</sup> While an attachment of earnings order is in force, the debtor in respect of whom the order has been made shall notify in writing the authority which made it of each occasion when he leaves an employment or becomes employed or re-employed, and (*in a case where he becomes so employed or re-employed*) shall include in the notification a statement of-
  - (a) his earnings and (*so far as he is able*) expected earnings from the employment concerned,
  - (b) the deductions and (*so far as he is able*) expected deductions from such earnings-
    - (i) in respect of income tax;
    - (ii) in respect of primary Class 1 contributions under Part I of the Social Security Contributions and Benefits Act 1992;
    - (iii) for the purposes of such a superannuation scheme as is mentioned in the definition of "net earnings" in regulation 32(1).
  - (c) the name and address of the employer, and
  - (d) his work or identity number in the employment (if any).-
- (2) A notification under paragraph (1) must be given within 14 days of the day on which the debtor leaves or commences (*or recommences*) the employment (*as the case may be*), or (*if later*) the day on which he is informed by the authority that the order has been made.

### **Attachment of earnings orders: ancillary powers and duties of authority<sup>1</sup>**

#### **41 -**

- (1) Where the whole amount to which an attachment of earnings order relates has been paid (*whether by attachment of earnings or otherwise*) the authority by which it was made shall give notice of the fact to any person who appears to it to have the debtor in his employment and who has been served with a copy of the order.
- (2) The authority by which an attachment of earnings order was made may, on its own account or on the application of the debtor or an employer of the debtor, make an order discharging the attachment of earnings order; and if it does so it shall give notice of that fact to any person who appears to it to have the debtor in his employment and who has been served with a copy of the order.
- (3) If an authority serves a copy of an attachment of earnings order in accordance with regulation 37(3), it shall (*unless it has previously done so*) also serve a copy of the order on the debtor.

### **Priority as between orders<sup>1</sup>**

#### **42-**

- (1) Where an employer would, but for this paragraph, be obliged to make deductions on any pay-day under more than one attachment of earnings order, he shall -
  - (a) deal with the orders according to the respective dates on which they were made, disregarding any later order until an earlier one has been dealt with; and
  - (b) deal with any later order as if the earnings to which it relates were the residue of the debtor's earnings after the making of any deduction to comply with any earlier order.
- (2) Subject. to paragraph (3), where an employer would, but for this paragraph, be obliged to comply with one or more attachment of earnings order and with one or

more deduction order, he shall deal with the orders according to the respective dates on which they were made in like manner as under paragraph (1).

- (3) An employer shall not deal with a deduction order made either wholly or in part in respect of the payment of a judgement debt or payments under an administration order *until* he has dealt with the attachment of earnings order or orders and any other deduction order.
- (4) In this regulation "deduction order" means an order under the Attachment of Earnings Act 1971 or section 31(2) (deductions from earnings orders) of the Child Support Act 1991.





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THIS MATTER IS BEING DEALT WITH BY:  
 RECOVERY SECTION

**Priorities between Community Charge AEOs, Council Tax AEOs and 1971 Act AEOs made on or before 31 March 1993 and other AEOs.**

(\*AEO's = Attachment of Earnings Order)

		ACTION FOR EMPLOYER	RELEVANT REGULATIONS
<b>Community Charge Order made on or before 31 March 1993 in payment</b>	1971 Act Order received	1971 Act Order to be dealt with on the basis of the residue of earnings (but see note (3) )	Regulation 37 (2) (b) of the Community Charges ( <i>Administration and Enforcement</i> ) Regulations (SI 1989/438)
	further pre 31 March 1993 Community Charge order received	must wait until first Community Charge order cleared	Regulation 37 (1) of the Community Charges ( <i>Administration and Enforcement</i> )
	further post 31 March 1993 Community Charge order received	must wait until first Community Charge order cleared	Regulations (SI 1989/438) (New Regulation 37A inserted by SI 1993/775 only applies where all orders are made after 31 March 1993)
	Child Support Act order received	apply orders in date order, applying later order to residue of earnings	Regulation 24 (2) (b) of Child Support ( <i>Collection and Enforcement</i> ) Regulations (SI 1992/1989)
	Council Tax order received	process Council Tax order when received on basis of residue earnings	Net earnings as defined in Regulation 32 of the Council Tax ( <i>Administration and Enforcement</i> ) Regulations (SI 1992/613) as amended by (SI 1993/773)
<b>1971 Act order made before 1 April 1993 in payment</b>	pre 31 March 1993 Community Charge order received	must wait until 1971 Act order cleared	Regulation 37 (2) (a) of the Community Charges ( <i>Administration and Enforcement</i> ) Regulations (SI 1989/438)
	post 31 March 1993 Community Charge order received	must wait until 1971 Act order cleared	(New Regulation 37A inserted by SI 1993/775 only applies to orders made after 31 March 1993)
	Council Tax order received	Apply AEOs in date order, applying later order to residue of earnings (but see Note (1) )	Regulation 42 (2) of Council Tax ( <i>Administration and Enforcement</i> ) Regulations (SI 1992/613) as substituted by (SI 1992/3008)

Note (1) an employer shall not deal with a “non-priority order” until he has dealt with the Council Tax AEO or AEOs and any other order under the Attachment of Earnings Act 1971 or Section 31 (2) of the Child Support Act 1991. In this respect a “non-priority order” is an order made under the 1971 Act either wholly or in part in respect of the amount of a judgement debt or payments under an Administration order.

**PRIORITIES BETWEEN AEOs, WHERE ALL ORDERS CONCERNED ARE MADE  
POST 31 MARCH 1993**

(\*AEO's = Attachment of Earnings Order)

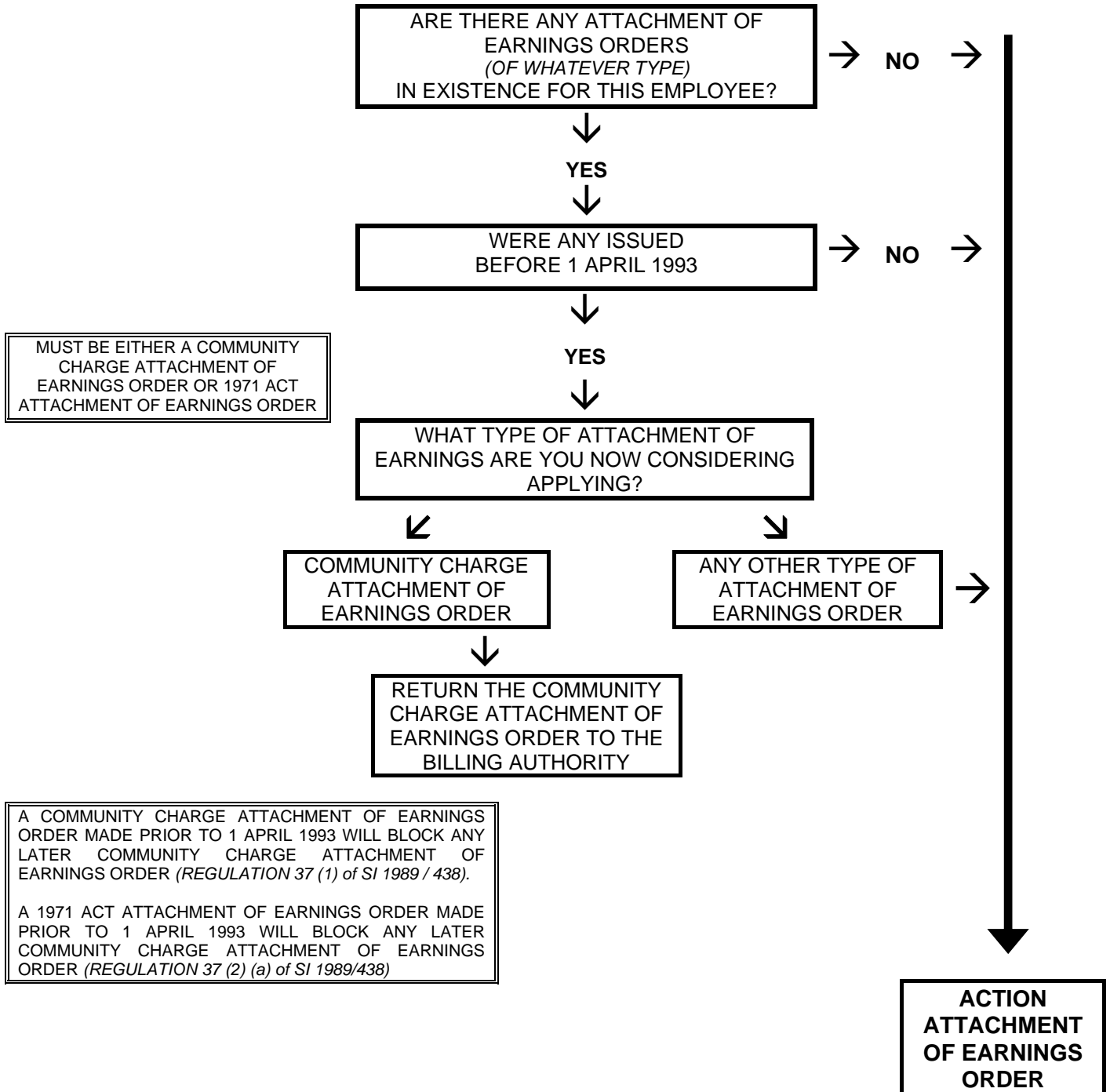
		Action for Employer	Relevant Regulations
Council Tax AEO	and Council Tax AEO	apply AEOs in date order, applying later order to residue of earnings	Regulation 42 (1) of Council tax <i>Administration and Enforcement</i> Regulations (SI 1992/613, as substituted by SI 1992/3008 and 1998/295)
	and 1971 Act AEO	apply AEOs in date order, applying later order to residue of earnings (but see Note (1) )	Regulation 42 (2) of Council Tax <i>(Administration and Enforcement)</i> Regulations (SI 1992/613, as substituted by SI 1992/3008)
	and Child Support DEO	apply AEOs in date order, applying later order to residue of earnings	Regulation 42 (2) of Council Tax <i>(Administration and Enforcement)</i> Regulations (SI 1992/613, as substituted by SI 1992/3008)
	and Community Charge AEO	process CC AEO when received, applying it to residue of earnings	net earnings as defined in Regulation 27 (1) of Community Charge <i>(Administration and Enforcement)</i> Regulations (SI 1989/438, as amended by SI 1992/219 and 1993/775)
Community Charge AEO	and Community Charge AEO	apply AEOs in date order, applying later order to residue of earnings	Regulation 37A (2) of Community Charge <i>(Administration and Enforcement)</i> Regulations (as Inserted in SI 1992/438 by SI 1993/775)
	and 1971 Act AEO	apply AEOs in date order, applying later order to residue of earnings	Regulation 37A (2) of Community Charge A&E Regulations (as Inserted in SI 1992/438 by SI 1993/775)
	and Child Support DEO	apply AEOs in date order, applying later order to residue of earnings	Regulation 24 of Child Support (Collection and Enforcement) Regulations (SI 1992/1989)
	and Community Charge AEO	process CT AEO when received, applying it to residue of earnings	net earnings as defined in Regulation 32 of 1992/613, as amended by SI 1993/773

Note (1) an employer shall not deal with a “non-priority order” until he has dealt with the Council Tax AEO or AEOs and any other order under the Attachment of Earnings Act 1971 or Section 31 (2) of the Child Support Act 1991. In this context a “non-priority order” is an order made on or after 1 April 1993 under the 1971 Act either wholly or in part in respect of the payment of a judgement debt or payments under an Administration order.

Note (2) an employer shall not deal with a “non-priority order” until he has dealt with the Community Charge AEO or AEOs and any other order under the Attachment of Earnings Act 1971 or Section 31 (2) of the Child Support Act 1991. In this context a “non-priority order” is an order made on or after 1 April 1993 under the 1971 Act either wholly or in part in respect of the payment of a judgement debt or payments under an Administration order.

Note (3) an employer shall not action a Council Tax AEO if there are already two Council Tax AEOs in payment. The local authority should be notified accordingly.

**QUESTIONS AN EMPLOYER MUST CONSIDER  
BEFORE MAKING A DEDUCTION**



MUST BE EITHER A COMMUNITY CHARGE ATTACHMENT OF EARNINGS ORDER OR 1971 ACT ATTACHMENT OF EARNINGS ORDER

A COMMUNITY CHARGE ATTACHMENT OF EARNINGS ORDER MADE PRIOR TO 1 APRIL 1993 WILL BLOCK ANY LATER COMMUNITY CHARGE ATTACHMENT OF EARNINGS ORDER (REGULATION 37 (1) of SI 1989 / 438).

A 1971 ACT ATTACHMENT OF EARNINGS ORDER MADE PRIOR TO 1 APRIL 1993 WILL BLOCK ANY LATER COMMUNITY CHARGE ATTACHMENT OF EARNINGS ORDER (REGULATION 37 (2) (a) of SI 1989/438)

IF YOU NEED TO ACTION MORE THAN ONE ATTACHMENT OF EARNINGS ORDER YOU MUST APPLY THEM IN DATE ORDER TO RESIDUE OF EARNINGS. HOWEVER, 1971 ACT NON-PRIORITY ATTACHMENT OF EARNINGS ORDERS SHOULD NOT BE DEALT WITH UNTIL AFTER ALL OTHER TYPES OF ATTACHMENT OF EARNINGS ORDERS.

## COUNCIL TAX ATTACHMENT OF EARNINGS ORDER YOUR MOST COMMON QUESTIONS ANSWERED

**1. WHY DO YOU HAVE TO SEND ALL OF THIS DOCUMENTATION WITH EACH ATTACHMENT?**

The Council Tax Regulations stipulate that each Order must be accompanied by both Guidance Notes and Copy Regulations.

You will find, however, that the most useful note is the one headed "COUNCIL TAX" SCHEDULE 4 as this will immediately inform you of the percentage rate to be deducted.

**2. I'M ALREADY DEDUCTING FOR A COUNCIL TAX ATTACHMENT OF EARNINGS ORDER - WHAT DO I DO WITH THIS ONE?**

It should be run at the same time as the first order.

**EXAMPLE**

EMPLOYEE'S NET PAY IS	£250 WEEKLY	
1ST ORDER - FROM THE TABLES PROVIDED, DETERMINE WHAT % DEDUCTIONS SHOULD BE TAKEN	12%	
	£	
NET PAY		250.00
DEDUCTION 12%	(-)	<u>30.00</u>
NEW NET PAY		220.00
2ND ORDER FROM THE TABLES TO BE DEDUCTED	7%	
		£
NET PAY		220.00
DEDUCTION 7%	(-)	<u>15.40</u>
FINAL NET PAY		204.60
DEDUCTIONS TO BE SENT TO WEST LINDSEY DISTRICT COUNCIL ARE :	£30.00 + £15.40 = £45.40	
PAYMENTS SHOULD REACH THE AUTHORITY BY THE 18TH DAY OF THE CALENDAR MONTH FOLLOWING THE DEDUCTION BEING TAKEN.		

**3. I HAVE TODAY RECEIVED TWO OR MORE ATTACHMENT OF EARNINGS ORDERS FOR THE SAME EMPLOYEE - WHAT SHALL I DO?**

Take deductions as detailed above.

**4. I THINK MY EMPLOYEE IS SELF EMPLOYED – CAN DEDUCTIONS BE MADE?**

Under Council Tax Legislation, earnings are defined as wages or salary paid in return for labour done, and these earnings can be liable to deductions. Therefore, if a person is paid for work he has done, he has been employed and paid wages. This Legislation should not be confused with Inland Revenue Legislation.

A person can be "self employed" for Income Tax purposes but "employed" for Council Tax purposes.

**IF YOU HAVE ANY FURTHER QUESTIONS - PLEASE CONTACT  
THE RECOVERY SECTION IMMEDIATELY**

<p style="text-align: center;"><b>COUNCIL TAX ATTACHMENT OF EARNINGS ORDERS GUIDANCE NOTES FOR EMPLOYERS</b></p>
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1. WHAT IS A COUNCIL TAX ATTACHMENT OF EARNINGS ORDER?

Where there is non-payment of Council Tax the local authority can apply to a magistrates' court for a liability order against the defaulter. If a court grants a liability order an authority has a number of options for recovering the outstanding amount. One of these is an attachment of earnings order. The order will be a form prescribed in the regulations. The order contains the name of the debtor, his payroll number (if known) and the local authority reference. It confirms that the named person is liable to a council tax and specifies the amount of charge that has still to be paid. Deductions in line with the order should be made as soon as possible after the order has been received.

2. WHAT DUTIES DOES THIS ORDER PLACE ON AN EMPLOYER?

This order is a legal document and places certain duties on an employer, so it is important that you become conversant with the governing principles. Details of the statutory duties are set out at the end of this note.

If the person who is the subject of the order is in your employment you should make deductions from his or her earnings as explained overleaf. These deductions should begin as soon as possible after the receipt of the order. The amount deducted should then be forwarded to the authority by the 18th day of the month following the month in which the deductions was made.

As well as the amount to be deducted and paid to the authority you may also deduct £1.00 per transaction from your employee towards your administrative costs.

With each deduction made, written statement of the cumulative amount deducted, including your administrative costs, should be supplied to your employee. This can normally be done when a pay statement is issued, but, if this is not convenient, may be done as soon as possible after the deduction is made.

If the employee has moved on or has never been in your employment you should inform the issuing authority within 14 days and your liability to do anything under the order will cease.

3. HOW LONG DOES THIS ORDER LAST?

Deductions should be made each pay day until the total amount specified on the order has been paid over to the authority; until the person has left your employment, or until the order is discharged by the authority. When the employee leaves your employment and you have notified the local authority nothing further is required of you. The local authority will have to

serve a copy of the order on the new employer which will state the amount remaining to be deducted.

#### 4. HOW MUCH SHOULD BE DEDUCTED?

The amount to be deducted is dependent on the total net earnings received by the employee. The enclosed deductions tables specify the percentage to be deducted according to the amount of net earnings and the frequency of the pay period.

#### 5. WHAT ARE NET EARNINGS?

Net earnings are defined in regulations 32 as the amount payable after deduction of income tax, national insurance, superannuation payments and amounts deducted under any Community Charge Attachment of Earnings Order made before the Council Tax Attachment of Earnings Order is made. Earnings do not include Working Families Tax Credit. See paragraph 10 if an employee receives holiday pay.

#### 6. WHAT ARE EARNINGS?

*EARNINGS ARE DEFINED AS:*

- ◆ sums payable by way of wages or salary (including any fees, bonus, commission, overtime pay or other emoluments payable in addition to wages or salary payable under a contract of service).
- ◆ Statutory Sick Pay.

*EARNINGS DO NOT INCLUDE:*

- ◆ sums payable by public departments of the Government of Northern Ireland or of a territory outside the United Kingdom;
- ◆ pay and allowances of members of the armed forces;
- ◆ benefit or allowances payable under any enactment relating to social security (this includes maternity pay);
- ◆ allowances payable in respect of disablement or disability; and
- ◆ wages payable to a person as a seaman, other than as a seaman of a fishing boat.

#### 7. ARE YOUTH TRAINING ALLOWANCES EARNINGS?

**NO**

#### 8. HOW DO I USE THESE TABLES?

- Column 1 of each table details pay bands which correspond to net earnings.
- Column 2 details the percentage of earnings to be deducted.

Locate the earnings band in Column 1 and then read across to Column 2 to find the percentage and then calculate the amount to be deducted.

## 9. HOW DO I KNOW WHICH TABLE TO USE?

Since the majority of people are paid at regular intervals this should normally be straightforward but there will be cases of irregular payment. The examples listed below may help you to decide which deductions should be made.

WEEKLY	MONTHLY
If the person is paid weekly then deductions should be made in line with Table A.	If the person is paid monthly then deductions should be made in line with Table B.
OTHER WEEKLY INTERVALS	MORE THAN ONE MONTH
If the person is paid at intervals of a whole number of weeks, then the net earnings should be divided by the number of weeks in the pay period. TABLE A should then be used to work out the appropriate weekly deduction and the resulting amount multiplied by the numbers of weeks in the period.	If a person is paid at intervals of a whole number of months, the net earnings should be divided by the number of months in the pay period. TABLE B should then be used to work out the appropriate monthly deduction and the resulting amount multiplied by the number of months in the period.
REGULAR INTERVALS - NOT WHOLE WEEKS OR MONTHS	
If a person is paid at regular intervals, but not at intervals of a whole number of weeks or months, then net earnings should be divided by the number of days. TABLE C should then be used to work out the appropriate daily rate, which should then be multiplied by the number of days in the period.	
TWO OR MORE SERIES PAYMENTS AT REGULAR INTERVALS	
If the person is paid in two or more series and payments are made in regular intervals, then select the series with the shortest interval between payments and use the tables as described above. In addition, deduct 20% of the net earnings payable in every other series. If the person is paid in two or more series and all the intervals are the same length, then select one of these, make deductions as described above, and in addition deduct 20% of the net earnings payable in every other series.	
EXAMPLE:	
An employee's net pay is £150 weekly and £600 monthly.	A deduction of £10.50 is made for the weekly pay and £120 for the monthly pay, i.e. 20% of £600.
IRREGULAR INTERVALS	
If the person is paid at irregular intervals, the net earnings should be divided by the number days since the last payment and TABLE C should be used to work out the appropriate daily deductions, which in turn should be multiplied by the number of days in the period.	
EXAMPLE:	
AN EMPLOYEE'S NET PAY	THE DEDUCTIONS TO BE MADE WOULD BE
£                      from                      days	£
(a)                      01 Apr to 09                      9 100.00                      Apr	100 ÷ 9 = £11.11 daily deduction =                      0.33 amount of deduction = 9 @ 0.33 =                      2.97
(b)                      10 Apr to 19                      10 120.00                      Apr	120 ÷ 10 = £12.00 daily deduction =                      0.36 amount of deductions = 10 @ 0.36 =                      3.60
(c)                      20 Apr to 30                      11 250.00                      Apr	250 ÷ 11 = £22.73 daily deduction =                      1.14 amount of deduction = 11 @ 1.14 =                      12.54

### Regular and irregular intervals

If on the same pay day the person is to be paid regular period earnings and irregular period earnings these amounts should be added together and treated as earnings payable at the regular interval, the appropriate table being used.

#### **Example**

An employee receives £250 as normal net weekly pay. In addition, £350 is received every 15 days for a different task. The deductions to be made would be for weekly earnings (table A) of £250 + £350 = £600. The deduction rate for £600 is 17% of the first £505 plus 50% of the remainder i.e. £85.85 + £47.50 = £133.35.

#### 10. WHAT DO I DEDUCT IF THERE IS AN ADVANCE FOR HOLIDAY PAY?

The amount to deduct is the aggregate of:

- (a) the amount that would have been deducted on the pay day if there had been no advance of pay; and
- (b) the amounts that would have been deducted if the amount advanced had been paid on the normal pay day or days.

#### **Example**

An employee receives £800 on the pay day. This comprises £300 for the week in which the pay day falls and includes overtime of £100; and £500 for the two weeks holiday advance i.e. two weeks of standard pay at £250 per week. The amount to be deducted is:

$$(12\% \text{ of } £300 = £36.00) + (12\% \text{ of } £250 \times 2 = £60) = £96.00$$

#### 11. HOW SHOULD I DEAL WITH LOANS MADE FOR OTHER PURPOSES?

Loans made, for example, for purchase of a season ticket or for helping with moving house, are not advances of pay and should not be counted as earnings.

The way that repayments of such loans are treated in calculating a deduction depends on the date that the Council Tax Attachment of Earnings Order was made:

for calculating a deduction under a Council Tax Attachment of Earnings Order made before 1 April 1995, net earnings should be reduced by the amount of the repayment made to the employer; and,

for Council Tax Attachment of Earnings Orders made on or after 1 April 1995, the Attachment of Earnings Order deduction should be based on net earnings before any loan repayment.

#### 12. WHAT DO I DO IF THERE IS AN ATTACHMENT OF EARNINGS ORDER ALREADY IN FORCE?

See Priorities Between Attachment of Earnings Orders for full details of how to deal with multiple orders. The following examples will, however, cover most situations.



(a) If there is already a Council Tax Attachment of Earnings Order in place the new Council Tax Attachment of Earnings Order is still applied, in date sequence, with the later order being applied to the residue of earnings. However, if there are already two or more Council Tax Attachment of Earnings Orders in payment, then no further Council Tax Attachment of Earnings Order can be actioned and the local authority should be notified accordingly.

(b) If there is already a Community Charge Attachment of Earnings Order in place then the new Council Tax Attachment of Earnings Order is still applied, in date sequence, with the later order being applied to the residue of earnings. However, please note that, unlike part (a) above, a single Council Tax Attachment of Earnings Order should still be actioned irrespective of the number of Community Charge Attachment of Earnings Orders, or other non-council tax orders, already in force.

(c) Any 1971 Act non-priority orders are to be applied (in date order) after all other orders.

### 13. STATUTORY DUTIES PLACED ON EMPLOYERS

A Council Tax Attachment of Earnings Order is a legal document and places certain duties on the employers and debtors. A summary of these legal duties is below.

An employer could be liable for a fine if he:

- (a) fails to comply with the order unless he can prove all reasonable steps were taken to comply;
- (b) fails to give all required notifications relating to the Council Tax Attachment of Earnings Order;
- (c) in giving notification makes a statement which he knows to be false in a material particular or recklessly make a statement which is false in a material particular.

### 14. STATUTORY DUTIES PLACED ON DEBTORS

Debtors could be liable for a fine for:

- (a) failure, without reasonable excuse, to supply information;
- (b) making a statement which they know to be false in a material particular.