

Payroll

Recovering Statutory Maternity Payments

Statutory Payments are funded through the tax, National Insurance contributions and Student Loan deductions as PAYE sent to HMRC. If the amount deducted is less than the Statutory Payment paid, or will be paying shortly, an employer can apply to the Accounts Office for funding.

The employer is entitled to recover some or all of the SMP paid. The amount depends on the total gross amount of employer and employee Class 1 National Insurance contributions paid in the appropriate tax year.

If the employer can recover any SMP, then it should be deducted from the PAYE in the period, and if the amount is more than the monthly or quarterly payment due, then the balance should be carried over to the next payment.

When the employer has insufficient PAYE to recover the payments from the next payment due or there are no further payments due in the tax year, they can contact the Accounts Office to pay the balance due.

Examples can be found on the HMRC website at

<http://www.hmrc.gov.uk/employers/recover-smp.htm>

If Class 1 National Insurance contributions are £45,000 or less, the employer can claim back all the SMP paid plus 4.5% compensation.

If Class 1 National Insurance contributions are more than £45,000 the employer can claim back 92% of the SMP.

It is useful to use the P35 Employer's Annual Return to check the amount of Class 1 National Insurance paid.

If claims are being made for a previous tax year they must be made in writing on form SP32(<http://www.hmrc.gov.uk/employers/statpayments-recovery.htm>) and sent to

HM Revenue & Customs
National Insurance Contributions Office
Employers Teams 1 & 2
Refunds Group Contributor Group
Room BP1001
Benton Park View
Newcastle upon Tyne
NE98 1ZZ.

The forms for reclaiming the SMP can be completed online or posted and the links and addresses can be found at

<http://www.hmrc.gov.uk/employers/statpayments-recovery.htm>

Certain information is required including

- Employer name
- Accounts office reference
- Employer reference
- Name and National Insurance number of the employee
- The total amount the employer is claiming back
- The number of weeks, multiplied by the weekly rate
- The dates for which the employer is claiming

The application for repayments is made directly to the accounts offices, either Bradford or Cumbernauld.