

# Maternity pay guide



## Contents

- 02** Methods of claiming maternity
- 05** Processing SMP through your payroll
- 06** Other considerations
- 07** Sole director(s)
- 07** Sole traders or partnerships



## Methods of claiming maternity

Whether you're a director looking to pay maternity to yourself or an employee, it's important to be clear on what rights are available to both you and your staff.

The first thing to note is that there are two methods of claiming maternity:

- ✓ Statutory Maternity Pay
- ✓ Maternity Allowance

Statutory Maternity Pay (SMP) is available for directors and employees who qualify to be paid through their employer.

Maternity Allowance (MA) is reserved for those who don't qualify for SMP.

This guide will explain the criteria for qualifying for SMP, how to process it through your payroll and outline the other aspects you need to consider.



## Statutory Maternity Pay

SMP is paid to those eligible for up to 39 weeks and is paid in the same way as wages are i.e. monthly or weekly through payroll (see below).

To receive SMP, the applicant must meet the following criteria:

- ✓ Must have been on the payroll on the 15th week before the baby is due (known as the qualifying week)
- ✓ Must have been an employee for at least 26 weeks up to any day in the qualifying week (15 weeks before baby is due)
- ✓ Must give 28 days notice before they wish to start their leave
- ✓ Must provide employer with either [MAT B1 certificate](#) (received from mid-wife), or a letter from their doctor/mid-wife to show proof of pregnancy and expected date of birth.
- ✓ Must have earned an average weekly pay of at least [the Lower Earnings Limit for National Insurance](#) (calculated on 8 weeks pay up to the last pay date before the end of the qualifying week).
- ✓ Must tell their employer 15 weeks before the due date when the baby is due and when they wish to begin leave



## Maternity Allowance

If for any reason the applicant of SMP does not qualify, they are eligible for Maternity Allowance (MA).

Instead of being processed through payroll, a claim of up to 39 weeks is instead made directly to the government through an application form.

To apply for MA your employee should complete an [MA1 form](#) and you should complete an [SMP1 form](#) to give to your employee.



## Statutory Maternity Pay

SMP is payable for a maximum of 39 weeks. After this, employees can take a maximum of 13 weeks of unpaid maternity, totalling 52 week's leave.

### 6 weeks

The first six weeks is payable at 90% of the employee's average earnings before tax.

### 33 weeks

The remaining 33 weeks are payable at a rate of £194.32 per week, or 90% of their average weekly earnings

As the employer, you can usually reclaim 92% of the SMP that is paid to your employee to help cover costs incurred for an employee taking maternity leave.

You can reclaim 103% if you qualify for [Small Employer's Relief](#).

The SMP plus compensation is reclaimed either by reducing the amount of tax and NI owed to HMRC each month, or by reclaiming the amount from HMRC after the end of the tax year, if the amount owed to you is not covered by reduced tax payments.



**If the employee's average weekly earnings are less than £194.32, the full 39 weeks are paid at 90% of their average weekly earnings.**

## Other considerations

There are a couple of other aspects to consider when dealing with maternity pay:

### Holiday pay

Employees are entitled to their full holiday allowance whilst on SMP, so please consider this in your holiday pay calculations.

Many employees wait to take the holiday pay at the start of the end of their leave to boost their income whilst on maternity leave.

### Working days

Employees can work a maximum of 10 days whilst on maternity leave without maternity pay (or allowance) stopping.

These are known as Keeping in Touch (KIT) days. A KIT day is a normal calendar day, so even an hour in one day will use 1 of the 10 days allowable.

As the employer, you will pay the normal rate of pay for KIT days unless otherwise stated in the contract of employment.



## Sole director(s)

If you run a limited company as a sole director or with your spouse, all the above points also apply to you.

The only difference is that you will take the position of both the employer and the employee when calculating SMP eligibility and pay.

As a director, you will likely be taking a small salary and dividends from your company. If this is the case, this means there may be little or no liability due to HMRC each month.

In this instance, as the monthly maternity pay is claimed each month, a credit will accrue on your account with HMRC.

This credit can be reclaimed after the end of the tax year on the 5th of April.

If the child's father, your husband or partner, the child's adopter or the intended parent is also working as a director or as an employee within the company then two weeks paternity pay may also be claimed (providing they meet the criteria for Statutory Paternity Pay).

If he/she is working for another employer then paternity pay can be claimed through their other employer instead.



## Sole traders or partnerships

If you're a sole trader or partner then you won't be on your payroll. This means you must claim Maternity Allowance instead of Statutory Maternity Pay (SMP).

If we complete your payroll for you, we will make all of the necessary calculations to let you know if you or one of your employees qualifies for SMP or not.

We simply need a copy of the [MAT B1](#) certificate and the intended start date of leave.





## Looking for help with your accounts and returns?

If you have any further questions simply phone us on 020 3355 4047 and one of our friendly accountancy advisors will be happy to help.

 [Get An Instant Quote](#)

