



Payroll Update

September 2009

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Menzies Payroll Bureau – important changes from 1 October 2009

National minimum wage

With effect from 1 October 2009 there are changes to rates of the national minimum wage. The new rates are:

Employees aged 22 and over	£5.80 (from £5.73)
Employees aged 18 to 21	£4.85 (from £4.77)
Employees aged 16 to 17	£3.57 (from £3.53)

- Employees who are owed arrears of the NMW for periods starting on or after April 2009 will be entitled to have their arrears paid at the new rates where these are higher than the rate or rates that applied when the arrears arose.
- Penalties for the employer on any arrears not paid currently accrue at 50% of the total underpayment with a minimum penalty of £100 and a maximum of £5,000.

The Government is introducing new regulations, also coming into effect from 1 October 2009, which will prevent the use of mandatory tips, gratuities and service charges from counting towards the employer's obligation to pay the NMW. Prior to these new regulations employers were allowed to use any such payments which were paid through the payroll to count towards payment of the national minimum wage.

Further changes apply from 1 October 2010, as the Government has accepted the Low Pay Commissions recommendation that the highest rate should be paid to those aged 21 and over from that date.

Statutory redundancy

With effect from 1 October 2009 there is also an increase in the rate of statutory redundancy to £380 per week (previously £350 per week).

This rate normally increases on 1 February each year, but the economic downturn has led to the Government bringing the increase forward to October, although it has said that this will be the only increase until 1 February 2011.

If you should have any query on the above, or any other payroll matter, please contact [Denise Love](mailto:Denise.Love@menzies.co.uk) at Menzies Payroll Bureau on 01483 755000 for help.