

# Shared Parental Leave and Pay & New Tax Free Childcare Scheme

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## SHARED PARENTAL LEAVE AND PAY



## The Current Entitlements

- Statutory Maternity Pay & Leave
  - 39 weeks SMP  
(6 weeks @ 90% of average earnings, 33 weeks @ standard)
  - 52 weeks Maternity Leave
- Ordinary Statutory Paternity Pay & Leave
  - 2 weeks pay & leave (paid at standard rate)
- Additional Statutory Paternity Pay & Leave
  - Father can claim ASPP & ASPL from 20<sup>th</sup> week after birth of child
- Statutory Adoption Pay & Leave
  - 39 weeks SAP (paid at standard rate only)
  - 52 weeks SAL

## Shared Parental Leave & Pay....What is it?

- Planned implementation – April 2015
- Encourage fathers to take greater role in their child's upbringing
- Replaces current ASPP & ASPL
- Shared Parental Leave (SPL)
  - Up to 50 weeks of untaken maternity/adoption leave
- Shared Parental Pay (SPP)
  - Up to 37 weeks of untaken SMP or SAP
- Each parent must qualify in their own right



## Shared Parental Leave & Pay....What is it?

- Availability:
  - birth to child's first birthday
  - In the 52 weeks after placement for adoption
- Taken as blocs of 1 week
- SPP can be paid at anytime during the 52 weeks leave
- Partner/father can take SPL and SPP while mother on maternity
- Both parents can take SPL/SPP at same time



## Who can take the leave & pay?

- Employed parents
  - Mother of the child
  - Biological father or mother's partner
  - Adoptive parents
- Mother must be entitled to SMP, SAP or MA
- Same qualifying conditions as SMP, SAP or OSPP
- Partner **MUST** meet employment and earnings qualification



## The Process

- Mother must curtail right to SMP and maternity leave
- End maternity leave and pay by:
  - Returning to work (within 39 week period)
  - Provide binding notice to end at a future date
- ‘Binding’ once notified employer of entitlement....except
  - When notice provided before birth, can be revoked up to 6 weeks after birth without a reason
  - If mother’s partner dies
  - If neither parent qualifies
- Balance of SMP and leave transferred to SPP/SPL



## Notice requirements

- Both parents must provide notice to their employers
- 15 weeks prior to EWC (Qualifying Week)
  - notify intention to take SPL

Then.....

- 8 weeks prior to start date of shared leave





## Qualification

- Employee notifies employer of entitlement
- How many weeks intending to take
- Earnings at LEL, 26 weeks service
- Employee declaration confirming partner's qualification
- Up to 3 periods of leave (can be waived by employer)
- HMRC online calculator will be made available



## Payment

- 39 weeks SPP @ 90% of average gross pay or .....standard rate if lower  
LESS
- No of weeks paid SMP, SAP or MA
- SPP paid where mother revoked at 6 weeks after birth
- Maximum entitlement to SPP = 37 weeks
- 2 weeks compulsory maternity leave



## Evidence

- Name & NINO of your employees partner
- Signed declaration by partner that they qualify
- Employer can request:
  - Name & address of partner's employer
  - Child's birth certificate

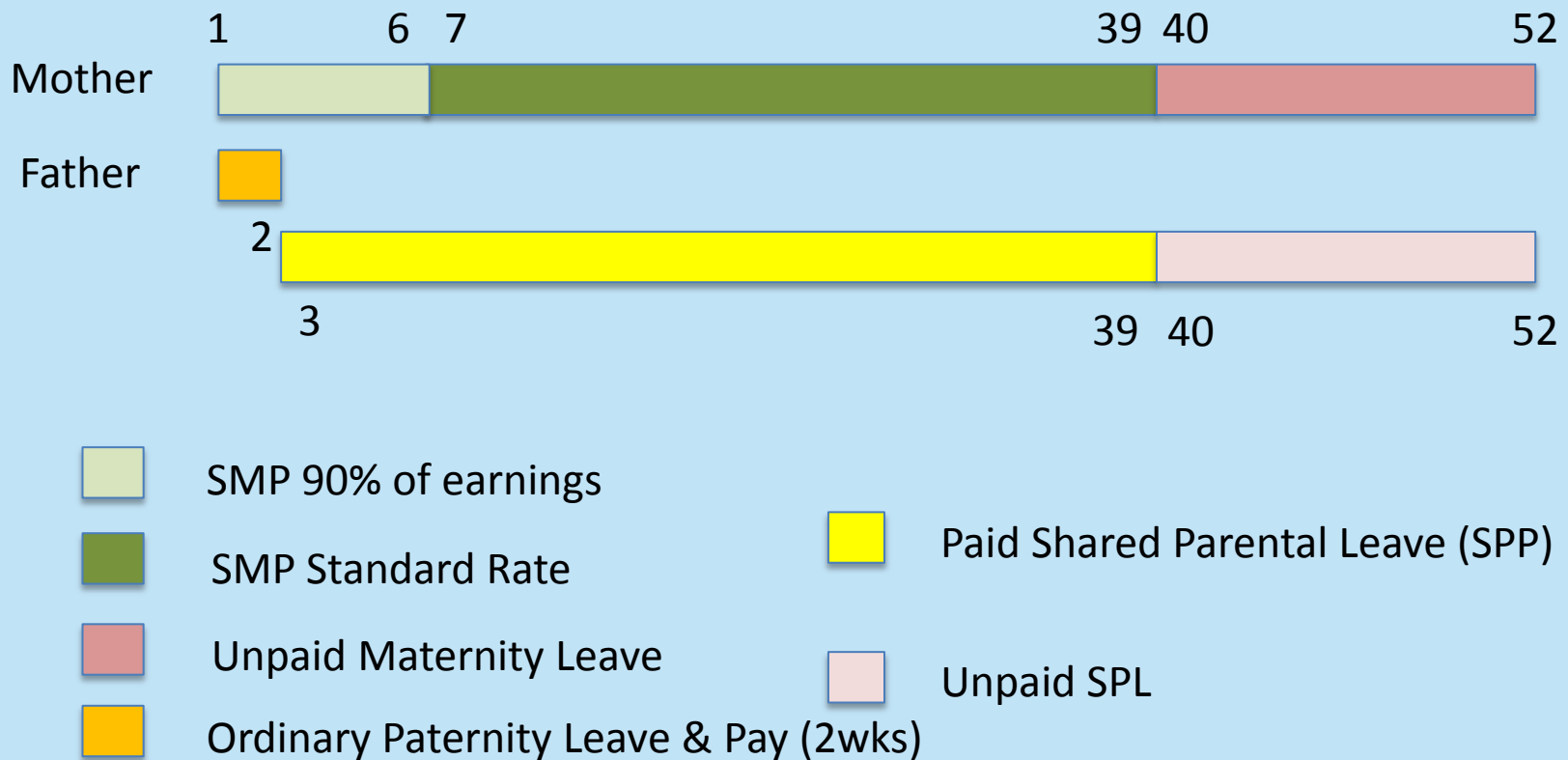


## Other Considerations

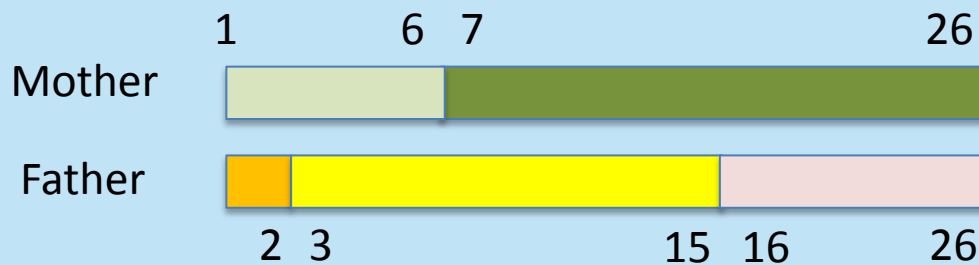
- Shared leave must be completed by 52 weeks from date of birth
- Mother retains 10 KIT days (maternity)
- Both parties get extra 20 “KIT” days
- Return to work for both parties
  - Same job up to 26 weeks
- New surrogacy rights
- Statutory Adoption Leave & Pay to be brought into line with Maternity




# Maximum entitlement




## Shared Parental Leave – Scenario 1




Mother takes remaining 2 weeks unpaid SPL at end of 52 week period

 SMP = 6 weeks

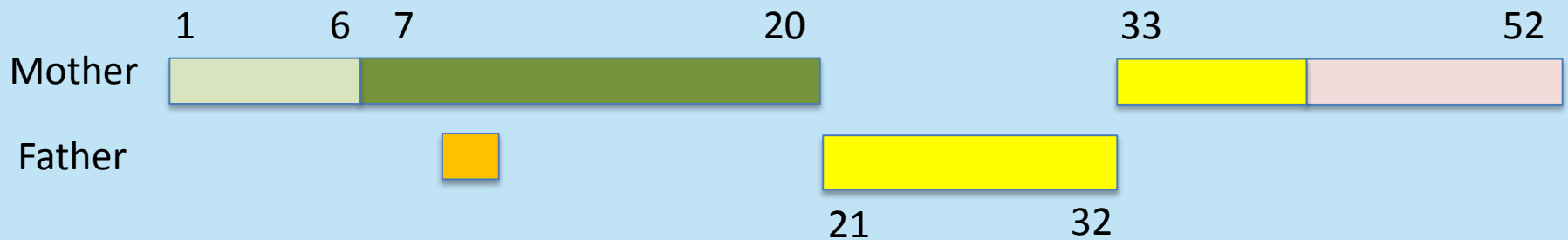
 SMP Standard Rate = 20 weeks


 OSPP & Leave (2wks)

 13 wks Paid Shared Parental Leave


 11 wks Unpaid SPL


## Shared Parental Leave – Scenario 2



 Mother stops work 11 weeks before EWC, will be taking 20 wks leave

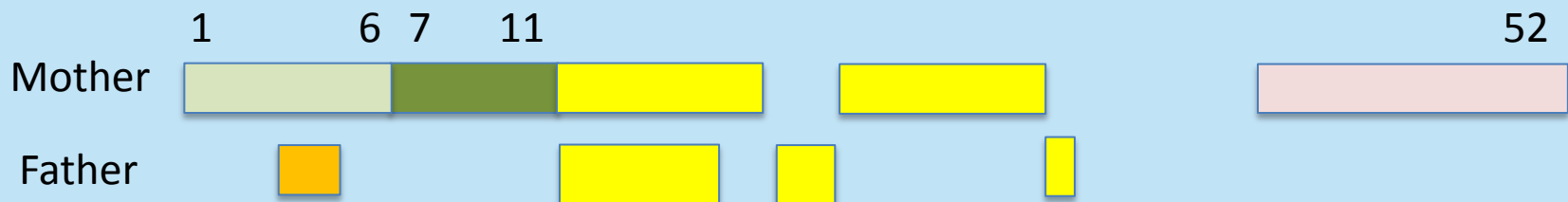
 SMP Standard Rate = 14 wks






 Father takes 2 wks OSPP & Leave at time of birth

 Father takes 12 weeks SPL & SPP, Mother takes remaining 7 weeks pay

 Unpaid SPL

# Shared Parental Leave – Scenario 3



-  Mother stops work 3 weeks before EWC, will be taking 11 wks leave
-  SMP Standard Rate = 5 wks
-  Father takes 2 wks OSPP & leave at time of birth
-  Father and mother take remaining 28 wks SMP as SPP/SPL
-  13 weeks unpaid SPL Taken by mother



## New Tax Free Childcare Scheme



## Employer Supported Childcare

- Employers discretion to provide
- Tax & NIC gains.....  
when using Salary Sacrifice
- CCV's originally £55pw - £243pm
- Since April 2011 dependant upon marginal rate of tax
- Can be costly to provide when employee on maternity leave



## New Tax Free Childcare Scheme

- From 1<sup>st</sup> October 2015
  - mid tax year?
- Tax relief up to £2000 per year per child
- Government top up – 20p for every 80p
- Applies to Children under 12yrs within the first year
- Disabled children up to age of 17



## New Tax Free Childcare Scheme

- Both parents must be working
  - Single parents can also claim
  - Not receiving support through Tax Credits or UC
- Earning less than £150k  
(£300K joint couple)
- Online voucher scheme operated by HMRC
  - Partnership with National Savings & Investments
- Used to pay for Ofsted regulated childcare
- Employer Supported Childcare...phased out!
  - Workplace nurseries unaffected



## Old versus New

Employer Supported Childcare	Tax Free Childcare
One voucher per employee	Separate account per child
Generally available to all employees	No access for additional rate taxpayers
Only available if employer provides	All Basic rate and higher rate taxpayers can qualify
Applies to children up to age of 16	Only for children up to 12 years
Employee Tax and NIC relief under salary sacrifice	Tax relief at basic rate only
Applied at source through payroll	Employee must make payment into childcare account
Employer receives NIC relief using Salary sacrifice	No Employer NIC relief

## Comparison for Employer

Employer can assist with deductions from pay

Administration costs

No new entrants to CCVs from 1<sup>st</sup> October 2015

Running two schemes

Diminishing NIC relief.....close the scheme?

## Timeline

	New Tax Free Childcare	Current CCV Scheme
2015	0 – 12	0 – 16
2016	0 – 12	1 – 16
2017	0 – 12	2 – 16
2018	0 – 12	3 – 16
2019	0 – 12	4 – 16
2020	0 – 12	5 – 16
2021	0 – 12	6 – 16
2022	0 - 12	7 - 16

## Tax and NI Relief

	Number of children under 12	Maximum support through Employer-Supported Childcare	Increase in maximum support	
			With £6,000 cap announced at Budget 2013 <sup>1</sup>	With £10,000 cap <sup>2</sup>
Single parent or working couple one basic rate taxpayer in receipt of Employer-Supported Childcare	1	£933 <sup>3</sup>	£267	£1,067
	2	£933	£1,467	£3,067
	3	£933	£2,667	£5,067



## Tax and NI Relief

	Number of children under 12	Maximum support through Employer-Supported Childcare	Increase in maximum support	
			With £6,000 cap announced at Budget 2013 <sup>1</sup>	With £10,000 cap <sup>2</sup>
Working couple, both basic rate taxpayers in receipt of Employer-Supported Childcare	1	£1,866	-£666	£134
	2	£1,866	£534	£2,134
	3	£1,866	£1,734	£4,134

## Tax and NI Relief

	Number of children under 12	Maximum support through Employer-Supported Childcare	Increase in maximum support	
			With £6,000 cap announced at Budget 2013 <sup>1</sup>	With £10,000 cap <sup>2</sup>
Single parent or working couple with one higher rate taxpayer in receipt of Employer-Supported Childcare <sup>4</sup>	1	£625 <sup>5</sup>	£575	£1,375
	2	£625	£1,775	£3,375
	3	£625	£2,975	£5,375

*Thanks for listening*

*Any Questions?*