

# Are you Compliant?

If you pay a salary instead of an hourly rate, you need to make sure that you are still paying the required minimum wage. If you are found not to be paying the correct amount you may be made to back date it and could face large fines and penalties.

The national minimum (NMW) or then national Living Wage (NLW) if you aged 25 or over is set by the government each year as the minimum amount a person can be paid for hours worked.

## When the New Rate Increases

You will need to increase the employee's minimum wage amount when:

 Increases come into effect on the 1st April 2020

 When an employee turns another year older

The higher rate is paid from the next 'pay reference period' after the increase. Meaning the pay increase might not show on the employee's payslip straight away as the wages might not go up straight away.

## Who gets the apprentice rate?

You can pay the Apprentice Rate to anyone that is:

- under the age of 19
- 19 or over, and in the first year of a current apprenticeship agreement

19 years or over, that have completed the first year of a current apprenticeship, are entitled to the minimum wage for their age.

## Example

There's a minimum wage rate increase on 1 April. You pay staff monthly on the 15th of the month:

You'll pay:

 The old rate for 1 April to 15 April

 The new rate for 16 April to 15 May

### Example: 26 year old working 40 hours a week

	Old Rate £	New Rate £
Hour	8.21	8.72
Day	65.68	69.76
Week	328.40	348.80
Month	1,423.06	1,511.46
Annual	17,076.80	18,137.60

### Minimum Wage earner based on old rate example:

An employee is 22 years old, paid weekly and works 45 hours a week.

The total weekly pay before tax is usually £400. This usually includes £100 in tips, so you'll need to use £300 as the starting point to work out if you're paying the minimum wage.

The average hourly rate paid is £6.67 (£300 divided by 45). This is below the minimum wage for a worker aged 22. As an employer you need to pay at least £7.70 an hour - not including tips.

**Talk to an advisor today**

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