

COMMERCIAL ALERT

20 August 2009

Minimum Wage - Penalties for paying below the minimum

Since last April, new penalties have been in force for employers found by HM Revenue & Customs (HMRC) to be paying staff less than the national minimum wage.

Not only may employees now claim back arrears for the underpayment, but employers can also additionally be penalised 50% of what they failed to pay, ranging from a minimum of £100 up to £5,000. Those who comply within two weeks of receiving a notice of underpayment will also receive a 50% reduction in the penalty.

The new penalties coincide with the award of new powers of inspection to HMRC compliance officers, who will now inform the Secretary of State for Work and Pensions of any non-compliance.

It is therefore more important than ever that businesses pay the correct wage, which is currently set at £5.73 an hour for people aged over 22, £4.77 for those under 22, and £3.53 for those between 16 and 17. These rates will increase in October this year.

For further information please contact Tony Hatton or Carl Selby on 01494 525941