



## **NEWS RELEASE**

### **Are you complying with National Minimum Wage Rules?**

Local Accountant DJH Accountants Ltd is reminding local businesses that they need to be prepared for the national minimum wage increase from October and those companies that have reduced employee's hours or salary as a short term measure because of the recession need to pay particular attention that they are not falling foul of the new rates.

The minimum wage for adults is to rise to £5.80 an hour as from October with the government accepting the Low Pay Commission's recommendation of a 7 pence increase from £5.73.

Other hourly rates are also to rise. The rate for 18 to 21-year-olds will increase from £4.77 to £4.83, while for 16 and 17-year-olds the rate will go up to £3.57 an hour from £3.53.

Chris Beardmore Director of DJH Accountants Ltd comments: "Over the past decade, the minimum wage has risen faster than average earnings and inflation. However, this rise is modest in comparison to previous years and seems to be a compromise between the need to protect low paid workers' earnings and requests from business groups such as the British Chambers of Commerce to freeze the minimum wage. This increase recognises that many businesses are finding it difficult, but whether it helps to protect jobs at a time of rising unemployment remains to be seen."

Businesses also need to be aware that since the beginning of the current tax year automatic penalties have been introduced to those who do not comply with the National Minimum Wage (NMW) Regulations.

The penalties range from £100 to £5,000 with 50% prompt payment discounts for employers who settle within 14 days of notification.



Ann Tunstall, Payroll Services Manager at DJH adds; ‘When calculating the minimum wage, businesses should be aware that the definition of pay for the purpose of National Minimum Rate can include other elements such as bonus, incentive or commission payments but cannot include benefits in kind, expenses and certain allowances. What to include and what to exclude is vitally important to ensure employers do not make mistakes and end up paying in penalties.’”

**ENDS**

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