

COUNCIL TAX ATTACHMENT OF EARNINGS ORDERS (AEOs)

GUIDANCE FOR EMPLOYERS

Introduction

1. The Department for Communities and Local Government has prepared this note to help employers with the administration of Council Tax Attachment of Earnings Orders (CTAEOs). CTAEOs may be issued by local authorities following the granting of a liability order in respect of a council tax debt in accordance with the Council Tax (Administration and Enforcement) Regulations 1992 (SI No. 613), as amended. The note outlines the procedures involved and the roles of the employer, the debtor and the local authority. Some more detailed advice, in the form of questions and answers, is given in Annex A.
2. A CTAEO is a legal document and places certain duties on the employer and the debtor alike. These duties are expanded in the note. Failure to carry these out could lead to a fine.
3. If this is the first CTAEO that you have received you will note that while they follow the broad principles of AEOs arising from the Attachment of Earnings Act 1971 in that a regular deduction is to be made from net earnings, there are, however, a number of important differences. For instance, with CTAEOs the deduction is calculated by the employer rather than specified by the court. Annex B outlines the action to take when more than one such order has been served.

An Outline of the Procedure

4. The sequence of events leading to the issue of a CTAEO is as follows:
 - (a) when local authority issues a council tax bill and a reminder but does not receive payment, it may apply to a Magistrates Court for a summons directing a person to appear before the court to explain why the council tax has not been paid;
 - (b) if non-payment is proved, the court issues a liability order for council tax payable, plus the costs incurred by the local authority in obtaining the liability order. Once it has obtained a liability order, the local authority has a number of options, including attachment of earnings, for recovering the amount stated in the liability order;
 - (c) if it considers attachment of earnings is the appropriate course the authority will issue a CTAEO to the employer whom it believes has the debtor in his employment, sending a copy of the order to the debtor. The order sets out the amount of council tax outstanding and requires that deductions are calculated in accordance with the regulations from net earnings. The order is in a standard form prescribed in regulations to ensure a consistent presentation of information. It must include the prescribed deduction tables and a copy of the regulations which deal with CTAEOs. A copy of the order and the required enclosures is at Annex C.

What the employer must do

5. On receiving a CTAEO the employer must:

- seek to make deductions from the employee's net earnings under the CTAE0 as soon as possible (there is a definition of net earnings in Annexe A);
- calculate the deductions using the tables in the regulations;
- tell the employee the total deductions made under the order, normally at the same time as his pay statement is issued; and
- pay the deductions to the local authority no later than the 18th day of the month following the month in which the deduction was made.

6. The employer may deduct an additional £1 from his employee's pay in respect of each deduction towards his own administrative costs.

Notifications

7. The employer is required to notify the local authority about certain matters, and may be fined for failing to do so. Where the employer receives an order relating to someone whom he does not employ he should, within 14 days, tell the local authority. Likewise he should tell the authority when the debtor for whom a CTAE0 is in place leaves his employment, again within 14 days. The employer should also tell the relevant local authority if anyone subject to a CTAE0 becomes his employee. This should be done within 14 days of the debtor becoming the employee, or of the date when the employer becomes aware that an order is in force against the employee, whichever is latest.

What the debtor must do

8. A debtor must tell the authority which made the CTAE0 if he changes employment. In notifying such a change the debtor should give details, in so far as he is able, of his earnings; expected deductions from such earnings in respect of income tax, national insurance and superannuation; the name and address of the employer and his work or identity number. This information must be given within 14 days of the change of employment. Debtors could be subject to a fine if they fail to notify local authorities in this way.

What the authority must do

9. An authority must tell the employer when the whole amount to which a CTAE0 relates has been paid, including when then payment was not made by means of CTAE0.

10. An authority may, on its own account, or on application by the debtor or the debtor's employer, make an order discharging the CTAE0. Where a CTAE0 is discharged the authority should notify the employer.

More detailed advice

11. If you have difficulties which cannot be resolved by the authority which has made the order, further advice can be obtained from the CTAE0 helpline at the Department for Communities and Local Government, LGF 2 Division, Zone 5/H5, Elland House, Bressenden Place, London SW1E 5DU (Telephone 020 7944 4186).

DEDUCTIONS TO BE MADE UNDER ATTACHMENT OF EARNINGS ORDER

TABLE A
DEDUCTIONS FROM WEEKLY EARNINGS

(1) Net earnings	(2) Deduction rate %
Not exceeding £75	0
Exceeding £75 but not exceeding £135	3
Exceeding £135 but not exceeding £185	5
Exceeding £185 but not exceeding £225	7
Exceeding £225 but not exceeding £335	12
Exceeding £335 but not exceeding £505	17
Exceeding £505	17 in respect of the first £505 and 50 in Respect of the remainder

TABLE B
DEDUCTIONS FROM MONTHLY EARNINGS

(1) Net earnings	(2) Deduction rate %
Not exceeding £300	0
Exceeding £300 but not exceeding £550	3
Exceeding £550 but not exceeding £740	5
Exceeding £740 but not exceeding £900	7
Exceeding £900 but not exceeding £1420	12
Exceeding £1420 but not exceeding £2020	17
Exceeding £2020	17 in respect of the first £2020 and 50 in Respect of the remainder

TABLE C
DEDUCTIONS FROM DAILY EARNINGS

(1) Net earnings	(2) Deduction rate %
Not exceeding £11	0
Exceeding £11 but not exceeding £20	3
Exceeding £20 but not exceeding £27	5
Exceeding £27 but not exceeding £33	7
Exceeding £33 but not exceeding £52	12
Exceeding £52 but not exceeding £72	17
Exceeding £72	17 in respect of the first £72 and 50 in Respect of the remainder

DETAILS OF PAYMENT BY STANDING
ORDER (BACS)

ACCOUNT NAME: **EPSOM & EWELL
BOROUGH COUNCIL**

ACCOUNT NUMBER: **17185998**

SORT CODE: **60-08-01**

NATIONAL WESTMINSTER BANK
115 HIGH STREET EPSOM

YOUR COUNCIL TAX REFERENCE
NUMBER MUST ALSO BE QUOTED