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DIRECT EARNINGS ATTACHMENT

A Guide for Employers

What this Guide is about

This guide explains what you, as an employer, need to do if Debt Management, as part of the Department for Communities (DfC) asks you to implement a Direct Earnings Attachment (DEA).

Where you receive a notice to operate a DEA we ask you to read the information contained in this guide. It provides information on:

- what a DEA is
- how a DEA operates
- how to calculate a DEA
- your responsibilities
- how to make payments to the DfC Debt Management.

This guide is intended to help you understand the main points about a DEA. It is not a full description or statement of the law.

Further guidance which includes worked examples can be found in the [Frequently Asked Questions section](#).

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1. Introduction to a Direct Earnings Attachment

- 1.1. The Welfare Reform (Northern Ireland) Order 2015, which became law on 9 December 2015, allows Debt Management, part of Department for Communities (DfC) to ask you as an employer, to make deductions directly from your employee's earnings. We (DfC Debt Management) do this by asking you to operate a Direct Earnings Attachment (DEA). We do not have to go through the civil courts to do this, unlike for example the Attachment of Earnings Order (AEO) process.
- 1.2. Within the Welfare Reform (Northern Ireland) Order 2015, the legislation covering DEAs, part of the Social Security (Overpayments and Recovery) Regulations (NI) 2016, came into force on 20 June 2016 and these regulations are available on the internet.
- 1.3. A DEA has its own regulations and operates differently from other orders such as a Deduction from Earnings Order (DEO) or AEO. A DEA does not replace any of these other orders and in some circumstances employers may receive requests to implement deductions for multiple orders for the same employee.
- 1.4. The Northern Ireland Housing Executive (NIHE), who can recover monies resulting from Housing Benefit overpayments, also has the power to issue a Direct Earnings Attachment under this legislation. Please note, however, that this guidance reflects only DEAs operated by the DfC Debt Management.
- 1.5. A DEN2 letter will be issued to an employer as a formal notice to set up a Direct Earnings Attachment. – see [Appendix 1](#).

2. How does a DEA arise?

- 2.1. Where we have been unable to recover monies owed to the DfC from debtors not in receipt of a benefit, and who have not voluntarily agreed to repay, those monies may be recovered by deduction from the debtor's earnings.
- 2.2. We will send you a formal notice for each qualifying employee asking you to implement a DEA, including basic instructions on how to do this.
- 2.3. We will include the National Insurance number of the employee on all Departmental letters sent to you. It is important that you quote this reference number:
 - on any correspondence you send to us;

- in the payment / payee reference field if you make an electronic payment for an individual employee;
- on the back of a cheque if you make a cheque payment for an individual employee;
- if you are making a card (debit/credit) payment for one employee.

3. What legal responsibilities and duties does a DEA place on an employer?

3.1. You have a legal obligation to:

- 3.1.1. calculate a deduction based on the **net earnings** for each pay date (See 'How is a DEA calculated?') ; Or
- 3.1.2. apply a **fixed amount** calculated by us if we ask you to do so;
- 3.1.3. pay the amounts deducted (other than your administrative costs) to us by the 19th day of the month following the month in which the deduction is made;
- 3.1.4. keep a record of each employee from whom a DEA deduction has been made, together with the amount of each deduction;
- 3.1.5. notify DfC Debt Management of any periods in which there is a nil deduction; and
- 3.1.6. If you fail to comply, you may be subject, upon conviction, to a fine of up to £1,000 per notice.

3.2. You have a duty to notify DfC Debt Management in writing or by phone within 10 days of the date of the DEA notice:

- 3.2.1. when someone we have asked you to implement a DEA for never worked for you or has ceased employment; and
- 3.2.2. when, and the date from which, an employee ceases to be in your employment.

3.3. If either of the above applies you will need to notify us in writing at the address shown at the top of the DEA notice letter, or by phone.

3.4. You have a duty to your employee to notify your employee in writing of:

- 3.4.1. the amount of the deduction taken, including any amount taken;
- 3.4.2. for administrative costs (see section on Administrative Costs); and
- 3.4.3. how the deduction amount was calculated.

3.5. The above information may be provided on the payslip for the pay period to which the deduction relates.

- 3.6. Ensure you advise your employee that deductions will be made from their wages/salary and paid over to DfC Debt Management well in advance of the payday when the first deduction will be made. If you have any problems or queries relating to the DEA, please call our dedicated employer helpline number on 0800 587 1322.

4. Protected and Net Earnings

Protected Earnings

- 4.1. Where we ask you to operate a DEA you must consider what is known as the Protected Earnings Amount which is an amount equal to 60% of an employee's net earnings. This means that for each pay period where a DEA calculation is applicable, you must additionally ensure (after adding the amount of the DEA to the total amount of other orders that may be already in place) that your employee is left with at least 60% of their net wage.
- 4.2. In cases where the addition of the DEA would increase the overall amount of deductions to more than 40% of the net wage, the DEA deduction must be adjusted to an amount that will leave the employee with 60% of their net earnings. This applies even where we have asked you to apply a fixed rate deduction.
- 4.3. Therefore, in the circumstance where (before the consideration of a DEA deduction) other orders are already in place and the employee's net wage is already equal to or less than 60% of their overall and initial net wage (some other orders do not apply the protected earnings consideration), you should not deduct any DEA amount calculated for that pay period. However, you must still check if a deduction applies for the next and every subsequent pay period, and additionally ensure that a schedule is sent to us in respect of this pay period (including £0.00/nil payments), as we will have been expecting to receive a payment.

Net Earnings

- 4.4. For the purposes of calculating a DEA deduction, net earnings means earnings after the deduction of:
- Income Tax
 - Class 1 National Insurance and
 - Superannuation contributions¹

¹ The definition of superannuation should be that as applied within the application of other orders (and so will, therefore, exclude stakeholder pension contributions and Free Standing Additional Voluntary Contributions (AVCs))

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What counts as earnings?

- 4.5. Wages
- 4.6. Salary
- 4.7. Fees
- 4.8. Bonuses
- 4.9. Commission
- 4.10. Overtime pay
- 4.11. Occupational pensions, if paid with wages or salary
- 4.12. Compensation payments
- 4.13. Statutory sick pay
- 4.14. Payment in lieu of notice
- 4.15. Most other payments on top of wages

What does not count as earnings?

- 4.16. Statutory maternity pay
- 4.17. Statutory adoption pay
- 4.18. Ordinary statutory paternity pay
- 4.19. Statutory Shared Parental Pay
- 4.20. Any pension, benefit, allowance or credit paid by DfC, NIHE or HM Revenue & Customs (HMRC)
- 4.21. A guaranteed minimum pension under the Pensions Scheme (Northern Ireland) Act 1993 (a)
- 4.22. Amounts paid by a public department of the Government of the United Kingdom or anywhere outside the United Kingdom
- 4.23. Sums paid to reimburse expenses wholly and necessarily incurred in the course of the employment
- 4.24. Pay or allowances as a member of Her Majesty's forces, other than pay or allowances payable to them by you as a special member of a reserve force
- 4.25. Statutory Redundancy Payments
- 4.26. You must continue to calculate a DEA deduction every pay day until either:
 - 4.26.1. we advise you to stop;
 - 4.26.2. the employee leaves your employment;
 - 4.26.3. the employee dies and the salary is paid after the date of the employee's death;
 - 4.26.4. the amount to recover is no longer outstanding; or
 - 4.26.5. we ask you to apply a fixed rate deduction.

5. How is a DEA calculated?

- 5.1. There are two deduction percentage rates for calculation – Standard Rate and Higher Rate. DfC Debt Management will let you know which of these rates we want you to apply, when we contact you about setting up the DEA. The rate we ask you to apply may change throughout the life of the DEA, from Standard to Higher and vice versa, and you will be notified of this by letter.
- 5.2. After considering an employee's protected earnings requirements, calculate the employee's net earnings for the pay period, find the correct deduction percentage rate based on:
 - 5.2.1. the frequency of their pay (apply frequency rate from Table for Standard Rate or for Higher Rate)
 - 5.2.2. the net earnings figure
 - 5.2.3. multiply the net earnings figure by the percentage rate – Standard or Higher to calculate the DEA amount
- 5.3. Note - if you are calculating a DEA based on a daily rate, you must also multiply the daily rate figure by the number of days in the pay period.
- 5.4. If payments are made every two or four weeks, calculate weekly pay and deduct the percentage in the table. If you need to confirm with us that you are deducting at the correct rate, you can do this by phoning 0800 587 1322.

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Deduction from Earnings Percentage Rates Table

Daily Earnings	Weekly Earnings	Monthly Earnings	Deduction from Earnings Rate	Deduction from Earnings Rate
			(Standard)	(Higher)
			Rate to Apply (<i>Percentage of net earnings</i>)	Rate to Apply (<i>Percentage of net earnings</i>)
Up to £15	Up to £100	Up to £430	NIL	5%
Between £15.01 and £23	Between £100.01 and £160	Between £430.01 and £690	3%	6%
Between £23.01 and £32	Between £160.01 and £220	Between £690.01 and £950	5%	10%
Between £32.01 and £39	Between £220.01 and £270	Between £950.01 and £1,160	7%	14%
Between £39.01 and £54	Between £270.01 and £375	Between £1,160.01 and £1,615	11%	22%
Between £54.01 and £75	Between £375.01 and £520	Between £1,615.01 and £2,240	15%	30%
£75.01 or more	£520.01 or more	£2,240.01 or more	20%	40%

6. Making deductions

- 6.1. The DEA should be implemented from the next pay day which falls on or after 22 days from the date of the DEN 2.
- 6.2. The period of 22 days has been put in place to allow the employer time to set up the DEA. The payment to DfC Debt Management should be received, at the latest, by the 19th of the month following the month in which you make your first deduction.

Example DEN 2 (notice to employer to implement a DEA) issued on 2 Sep 20xx. Employee is paid monthly – paid on the last working day of the month.

The Employer must implement the DEA from the first payday on or after 24 Sep 20xx. The first payment should therefore be taken from the wage paid on 30 Sep 20xx and must be received by the DfC Debt Management by 19 October 20xx at the latest.

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Example DEN 2 issued on 2 Sep 20xx. Employee is paid weekly – Friday pay day.

The Employer must implement the DEA from the first payday on or after 24 Sep 20xx. The first payment should therefore be taken from the wage paid on 27 Sep 20xx and must be received by the DfC Debt Management on 19th Oct 20xx at the latest.

6.3. Each time you make a deduction you:

6.3.1. may deduct £1.00 from your employee's earnings towards your administrative costs for operating the order, even if this reduces your employee's income below the protected earnings limit and

6.3.2. must inform your employee in writing about each deduction (including the amount you can deduct towards your costs) on the pay day on which it is made or, where impractical, not later than the following payday

6.3.3. advise your employee that deductions will be made from their wages/salary and paid over to DfC Debt Management, well in advance of the pay day when the first deduction will be made.

Fixed Rate Deductions

6.4. In exceptional circumstances we may write to you to apply a fixed rate deduction amount for an employee. This revised amount should be applied from the next (and each subsequent) pay date following the date you receive the notice. However, if the earnings for any pay date are below the threshold (See: [Table](#) above) then no DEA deduction can be applied.

6.5. You must always ensure that the Protected Earnings Rate is taken into account, including when we have asked you to apply a fixed rate deduction.

Other Orders and Priorities

6.6. After calculating the DEA amount, you must consider other priority orders in place and the protected earnings amount.

6.7. The DEA can be imposed without a court order, but if your employee has any other deduction orders against them there are rules that tell you which you should take first.

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- 6.8. If your employee has one or more of the following in place, or they are received after a DEA notice has been received, these will take priority over a DEA (and are known as priority orders):
- Northern Ireland - Deduction from Earnings Order (DEO) from Child Maintenance Service
 - Student Loans - A student loan is not an order but if it is being recovered, it is treated in exactly the same way as a priority order.
- 6.9. Once these priority orders have been taken into account in your calculation a DEA will then take priority over any other orders, known as non-priority orders or notices.
- 6.10. The order of non-priority orders will be decided by the date of the notice.
- 6.11. If you have any further enquiries on orders or priorities, please contact us using the telephone number 0800 587 1322.

7. First DEA deduction (payday)

- 7.1. The DEA notice issued to you has effect from the next pay day which falls on or after 22 days after the date on the notice letter. As an example, if a notice is issued on 28 November 2016; the first pay date would be on or after the 20 December 2016.
- 7.2. Payments to DfC Debt Management need to be made in line with your payroll and at least on a monthly basis. If your employee is paid monthly or four weekly, payments must match this cycle. If your employee is paid weekly, payments may be made either weekly as the deduction is taken or on a per month basis. Regardless of the payment cycle, remittance to DfC Debt Management must be made by the 19th day of the month following the date the deduction was made.
- 7.3. Please ensure that you advise your employee that deductions will be made from their wages /salary and paid over to DfC Debt Management, well in advance of the pay day when the first deduction will be made.

8. Administrative Costs

- 8.1. For each pay period where a calculation results in a DEA deduction, you may take up to £1 from your employee's earnings towards your administrative costs. This charge is to cover your costs so do not send this administration cost deduction to DfC Debt Management. You can take this charge even if it reduces the employee's income below the 60% protected earnings amount.
- 8.2. Please note that the administration charge of £1.00 is only applied when a DEA deduction is actually made, and cannot be deducted for any pay period when no DEA deduction is made.
- 8.3. The maximum charge is £1.00 per deduction, therefore, if a deduction was for a number of weeks added together, for example holiday pay paid in advance, the administration charge would still be a maximum of £1.00.

9. Responsibilities

- 9.1. It is **your responsibility** to ensure you calculate the deduction correctly from your employee's net earnings each pay period and pay that amount to us. When you calculate the DEA deduction amount, you must:
 - 9.1.1. Ensure that your employee has enough net earnings in the pay period for you to calculate a deduction.
 - 9.1.2. Check that the correct percentage rate (Standard or Higher) has been applied against those net earnings.
 - 9.1.3. Check that the total of all deductions does not exceed 40% and therefore leave the employee with less than the protected earnings amount which is 60% of their total net earnings during the calculating period to which the deduction relates.
 - 9.1.4. DfC Debt Management has a legal requirement to issue a DEN 2 (letter to employer to implement DEA) to the employer address provided by HMRC. Even though you may have contracted a payroll provider to undertake your payroll activities associated with DEA, it is your responsibility to ensure the DEN 2 is forwarded to the payroll provider.
 - 9.1.5. Not ask DfC Debt Management to amend your employer address as provided by HMRC in order to direct the DEN 2 to your payroll provider.

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- 9.2. It is DfC Debt Management's responsibility to:
- 9.2.1. contact you if you fail to make a payment to us when it is due
 - 9.2.2. contact you to verify payment information, if applicable
 - 9.2.3. refund monies directly to an employee when the balance of the debt has been reduced to zero but a further payment has been received from an employer
 - 9.2.4. return monies to an employer where, under the regulations, no DEA payment should have been made, for example:
 - A payment made to us in error as the earnings for that pay period were under the earnings threshold, and no DEA deduction should therefore have been made.
 - A payment made to us in error because other deductions were already 40% or greater of net earnings for that pay period, and therefore no DEA deduction should have been made
- 9.3. In both these cases you should contact us on the employer helpline number 0800 587 1322 for information on how these monies can be returned to you.
- 9.4. DfC Debt Management is not able to return monies to an employer where a DEA payment was applicable, but was calculated at an incorrect rate, for example where we have received a payment greater than the one which should have been calculated for a specific pay period.
- 9.5. In this case, and from the following pay period(s), you should reduce the amount to be deducted by the excess previously taken. For example, an employer sends a payment for £100 when only £80 was due. At the next pay period the amount of the DEA to be deducted should be reduced by £20.
- 9.6. DfC Debt Management is not able to trace and return monies to an employer, where the employer has sent a payment meant for us to another department or account.
- 9.7. In this case you should still make a payment to us but additionally make contact with the other department in order to recover the money you incorrectly paid.

10. Making payments to DfC Debt Management

- 10.1. You are required to pay the amount you have calculated and deducted from your employee's net wages to DfC Debt Management as soon as possible. Ideally this will be at the same time as you make the deduction(s) from your employee's salary. However, you **must** send us the payment no later than the **19th day of the month** following the month in which you have taken it (*For example, if you take the money on 30 September, you must send it to us before 19 October; if you take the money on 1 October, you must send it to us before 19 November*).
- 10.2. DfC Debt Management offer several method of payment options to employers. These options are explained in detail below to ensure that payments sent to DfC Debt Management contain the relevant information to allow them to be allocated correctly to the employee's account.

Note – Under no circumstances should you send us a cash payment.

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Method of Payment Options Summary

Are you making one payment for one employee or a consolidated payment for many employees?

If making one payment for one employee, you can pay as follows;

Electronic payment	Cheque	Card
Enter DfC Debt Management bank account and sort code details (shown below) Enter employee's National Insurance number in the Payment / Payee reference field Do not send a schedule*	Make cheque payable to DfC Debt Management Write employee's National Insurance number on the reverse of cheque Send cheque to PO Box 2180 (full address below) A supporting payment schedule must be sent **	Call 0800 587 1322 to pay by debit / credit card Give card details and employee's National Insurance number Do not send a schedule*

If making one consolidated payment for many employees, you can pay as follows;

Electronic payment	Cheque
a) Enter DfC Debt Management bank account and sort code details b) Enter Employer name in the Payment / Payee reference field c) A supporting payment schedule must be sent **	a) Make cheque payable to DfC Debt Management b) Write employer name on reverse of cheque c) Send cheque to PO Box address below d) A supporting payment schedule must be sent **

DfC Account Number	DfC Sort Code	PO Box Address
5029 0378	95-01-21	Direct Earnings Attachment Department for Communities PO Box 2180 Belfast BT1 9XT

*When your payroll makes one electronic payment to DfC Debt Management for one DEA deduction from an employee's salary and the payment carries their National Insurance number as the Payment / Payee Reference, no schedule needs to be sent. ** Supporting payment schedule can be forwarded via email or post, details of how to do this can be found in the 'Where to send a payment schedule section' of this guide

11. Electronic Payment

- 11.1. Electronic payment is the DfC preferred method of payment.
- 11.2. DfC Debt Management bank details are:
- Account Number: 5029 0378
Sort code: 95-01-21
- 11.3. Payment / Payee Reference: It is critical that you enter one of the two references illustrated below, as applicable. Please use either;-
- 11.3.1. National Insurance number where you are making a single electronic payment in respect of an individual employee, or
- 11.3.2. a series of single electronic payments in respect of each of a number of individual employees
- 11.4. In both these cases as each individual payment will be allocated to a National Insurance number it is not necessary for you to forward a supporting payment schedule.
- 11.5. Employer Name as the payment reference where you are making a single consolidated electronic payment for more than one employee.
- 11.6. In this instance, a supporting payment schedule is required to allow DfC Debt Management to correctly allocate payments to individual's accounts. Further information on the content of the schedule and how to forward it to DfC Debt Management is contained in the 'DEA payment Schedules' section.
- 11.7. It is critical that a supporting payment schedule is completed and sent to DfC Debt Management for each consolidated electronic payment. Failure to do this will result in unnecessary contact to you from DfC Debt Management.
- 11.8. Appendix 3 shows two examples of how the Payment / Payee Reference fields should be completed for an electronic payment, for an individual employee and for more than one employee.
- 11.9. The account screen you use for making electronic payments may look different to those shown in the examples in Appendix 3.

12. Cheque

- 12.1. You can also pay by cheque. The cheque should be made payable to: 'DfC Debt Management' and sent to:

Direct Earnings Attachment
Department for Communities
PO Box 2180
Belfast
BT1 9XT

- 12.2. It is critical that you write on the reverse of the cheque one of the two references illustrated below, as applicable. Please use either:

12.2.1. National Insurance number for a payment for an individual employee only or

12.2.2. Employer Name as the payment reference for a payment for more than one employee.

- 12.3. It is also critical that a supporting payment schedule is completed and sent to us for each cheque payment you make, and that the total amount on the schedule and the cheque match. Failure to do so will mean that DfC Debt Management will not be able to allocate payments to the correct accounts and will result in unnecessary contact to you from DfC. Further information on the content of the schedule and how to forward it to DfC Debt Management is contained in the 'DEA payment Schedules' section.

13. Card (Debit/Credit)

- 13.1. A card payment can only be made for one individual employee and you must quote the National Insurance number when you telephone. If you have more than one employee, you must make a separate payment for each employee.
- 13.2. If you wish to make a payment by debit or credit card use the telephone number 0800 587 1322. Please have your card details and the employee's National Insurance number to hand along with your letter when you call.
- 13.3. You do not need to complete a supporting payment schedule when paying by card.

Note – Under no circumstances should you send us a cash payment.

14. DEA Payment Schedule

- 14.1. The DfC requires that a supporting payment schedule be completed and issued in order to ensure that the correct payment is allocated to the correct debtor account and prevents any unnecessary contact to you from DfC Debt Management.
- 14.2. You do not need to complete and issue a schedule provided that the employee's National Insurance number is given as a reference in the three scenarios detailed below - you are making either:
 - a single electronic payment for one employee or
 - a series of single electronic payments for a number of individual employees, or
 - a card payment for one employee (you can make a series of single card payments if more than one employee has a DEA)
- 14.3. A schedule must be completed and issued to DfC Debt Management in all other circumstances i.e.
 - an electronic payment that consolidates a number of individual DEA deductions into one payment
 - a cheque payment
 - where a £0.00/Nil deduction is being made*
- 14.4. Where a number of individual DEA deductions have been consolidated into one payment (either by electronic payment or cheque), all the individual deduction details can be entered onto one schedule provided that the total adds up to the payment made.

15. Where to send a payment schedule

- 15.1. DfC Debt Management has an email route to receive payment schedules from employers, this is the preferred way for payment schedules to be sent.
- 15.2. By employers providing the data via email, the process of allocating payments to our customer records on our DfC Debt Management systems is more efficient and results in fewer queries.
- 15.3. You can forward payment schedules electronically by downloading and completing the template from the [nibusiness info site](#).
- 15.4. For the email payment schedule, the following information is to be supplied for each employee:
 - Date of payment
 - Amount
 - National Insurance Number

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- Identify whether payment is electronic or by cheque
 - Reason for any nil deductions
- 15.5. The total value of the schedule should match the payment made to DfC Debt Management and completed e-schedules should be forwarded to debtmanagement.deaschedules@dfcni.gov.uk
- 15.6. Please note that this email address is only to be used for e-Schedules, we are unable to accept or respond to any queries or other correspondence sent to it.
- 15.7. For data security reasons the data required for the email payment schedule is slightly different to that on the paper schedule. By restricting the data recorded on the email payment schedule, DfC Debt Management will still have enough information to correctly allocate payments to our customer records, whilst minimising the risk of personal data being fraudulently used should the email fall into the hands of a third party. Schedules do not need to be encrypted before emailing.
- 15.8. The postal route for sending payment schedules remains in place and a schedule template for use when forwarding schedules is available at Appendix 2 of this guide. Should you have any queries regarding the new process please contact us on 0800 587 1322.
- 15.9. Schedules can be posted to:
- Direct Earnings Attachment
Department for Communities
PO Box 2180
Belfast BT1 9XT

16. Where can I get more information?

- 16.1. If your question is not included in the Frequently Asked Questions section, and you need more information about, or help to operate a Direct Earnings Attachment, please call our dedicated employer helpline on 0800 587 1322. The employer helpline will be open from 9.00 am to 5.00 pm Monday to Friday.

17. Comments about our service

- 17.1. We hope that the information in this guide is helpful, and that when contacting the helpline, the service received is informative, courteous and professional. We welcome your feedback regarding our service. If you have any comments, please contact us on 0800 587 1322 or write to us at the address at the top of the DEA letter.

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Appendix 1 Formal notice from DfC Debt Management to set up a DEA

FAO Payroll EMPLOYER_COMPANY EMPLOYER_ADDR1 EMPLOYER_ADDR2 EMPLOYER_ADDR3 EMPLOYER_ADDR4 EMPLOYER_POSTCODE	Please contact us at: Debt Management Department for Communities PO Box 2136 Belfast BT1 9RW Account Holder: Mr John Smith Reference Number: AA123456B Date: 00/00/00
---	---

Dear Sir/Madam

Employee: John Smith

Direct Earnings Attachment (DEA) – DEA Standard/Higher RATE

We have issued a copy of this notification to Mr John Smith.

Legal responsibilities

As an employer you have a legal responsibility to set up deductions from your employee's salary at a rate based on net earnings for each salary cycle and pay the amounts due to us. The rates are based on earnings net of Income Tax, Class 1 National Insurance, and Superannuation, and can therefore only be calculated by you as the employer.

You could be fined up to £1000.00 if you do not make a DEA deduction when requested to.

What you need to do next

All the information you need in respect of Direct Earnings Attachments, which includes guidance for employers with some worked examples, can be found on the www.nibusinessinfo.co.uk website. You can type "DEA" into the search field to access the relevant information.

In summary, for each salary cycle you must:

- establish your employee's earnings net of Income Tax, Class 1 National Insurance, and Superannuation
- consult the attached tables and establish the percentage rate applicable to the employee's net earnings
- calculate the amount to be deducted
- pay the amount to the Department for Communities (DfC) using one of the payment methods on the attached sheet, forwarding a payment schedule if required

Direct Earnings Attachment DEA Standard/Higher RATE

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Appendix 2 Direct Earnings Attachment Payments Schedule

To: DfC DM	From: Employer
Direct Earnings Attachment, Department for Communities	Name:
PO Box 2180, Belfast	Address:
BT1 9XT	Telephone No:

Item	Amount	Week/ Mth No.	Employee's Surname followed by Forename	Staff / Reference Number	Employee's National Insurance Number	Reason for nil deduction if applicable
------	--------	---------------------	--	--------------------------------	---	--

1	£					
2	£					
3	£					
4	£					
5	£					
6	£					
7	£					
8	£					
9	£					
10	£					

To be completed by Employer	For DfC use only
This sheet total £ Name Phone number	Cheque No. Electronic Payment? Date Completed by Date Checked by

DIRECT EARNINGS ATTACHMENT – A GUIDE FOR EMPLOYERS

The schedule overleaf must be completed:

- when making a single consolidated electronic payment in respect of more than one employee;
- when making any cheque payment;
- when a £0.00 (nil) DEA deduction is due for an employee.

This schedule must be returned to us at the address below, this is also the address if you are paying by cheque. **Do not** include or send any correspondence to this address.

Direct Earnings Attachment
Department for Communities
PO Box 2180
Belfast
BT1 9XT

If you are paying by **Cheque** ensure it is payable to **DfC Debt Management** and that it is referenced on the reverse with either a National Insurance number if the payment is for a single employee, or reference **DEA** if the payment is for more than one employee.

If you are paying electronically complete the transaction using the bank details below

DfC Debt Management bank details

Sort Code: 95-01-21

Account Number: 5029 0378

Payee Reference: If the payment is for a single employee the reference must be the employee's National Insurance number but if the payment is for more than one employee, the reference must be the Employer's Name

If you are paying by **card** please call the number at the top of the letter you received.

Important

The amount of the cheque or online payment must be the same as the total amount of the deductions shown on the Direct Earnings Attachment payments schedule overleaf.

Do not send cash through the post. Do not use this schedule to recover or deduct previous overpayment.

Appendix 3 Electronic Payment – payment for one employee

Payment is for one employee, or is a series of individual payments in respect of each of a number of individual employees - the Payment / Payee reference must be the employee's National Insurance number.

Payee Details

Enter the details of the person or organisation that you wish to pay,

Payee name: DfC Debt Management
Account number: 5029 0378
Sort code: 95-01-21

The 'Payee reference' can provide the payee with important information about your account with them - if appropriate you should check this carefully against your bill.

Payee reference: AA112233B

A payment for one employee, the Payee Reference will be the employee's National Insurance Number (NiNo)

Payment Period

Make payments at regular intervals until cancelled
 Make a set number of payments and then stop
 Make payments until a specified date

If you do not enter the employee's National Insurance number, or use a different Payment / Payee reference, or you input the National Insurance number incorrectly, this will mean the payment you send will not be received correctly and will not automatically allocate it to their account.

If this happens we may need to take the following action:

- contacting you as we will not be aware that the payment has been sent
- manual intervention to trace the debtor to match against the right employer
- manually allocating the payment to the employee's account

This creates delays in payment allocation and unnecessary contact to you from the DfC Debt Management.

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Electronic Payment - payment for more than one employee

Payment is a single consolidated electronic payment in respect of more than one employee - the Payment / Payee reference must be **the Employer's Name**.

Payee Details

Enter the details of the person or organisation that you wish to pay.

Payee name	DfC Debt Management
Account number	5029 0378
Sort code	95-01-21

The 'Payee reference' can provide the payee with important information about your account with them - if appropriate you should check this carefully against your bill.

Payee reference	Employer's Name
-----------------	-----------------

A payment for more than one employee, the Payee Reference will be the Employer's name

Payment Period

- Make payments at regular intervals until cancelled
- Make a set number of payments and then stop
- Make payments until a specified date

The Payment / Payee reference should be the **Employer Name – this will be used to match the payment against the Employer Name on the associated Payments Schedule**

Please ensure you also complete the DEA schedule which should contain details for each employee that the payment represents and send the schedule to us as soon as you have made the payment. Failure to send in a schedule will mean that the DfC Debt Management will not be able to allocate payments to the correct accounts and will result in unnecessary contact to you from the DfC Debt Management.

Frequently asked Questions & Answers

1. What if my employee does not earn enough to make the deduction or to allow the full deduction?

If the weekly or monthly earnings are below the threshold (see [Table](#)), you cannot make a DEA deduction or you should not make a deduction if the net earnings are below the relevant payment period deductions threshold as show in the [Table](#) . **But you must either send us a schedule or contact us via the employer’s helpline to inform us of this.**

You must continue to check if a DEA deduction is applicable each pay period until;-

- we tell you to stop or
- the amount to recover is no longer outstanding or
- The employee leaves your employment.

2. What happens if I make a payment of salary after an employee has left my employment?

You must notify us within 10 days of your employee leaving, but should continue to apply the deduction until full and final payments of their salary have been made.

3. Under what circumstances do I need to send a supporting payment schedule to DfC Debt Management?

Payment Method	Schedule Required?	Reason
When making a single electronic payment for an individual employee	NO	As each individual payment will be referenced using the employee’s National Insurance number account
When making a series of single electronic payments in respect of each of a number of individual employees	NO	As each individual payment will be referenced using the employee’s National Insurance number account
When making a single consolidated electronic payment for more than one employee	YES	DfC will need to be able to attribute the right payment to the right account. The electronic reference should be the Employer Name
When making any cheque payment	YES	DfC will need this to be able to attribute the right payment to the right account
When making any card payment	NO	Each individual payment will be automatically allocated to a National Insurance number account. If you have more than one employee, you must make a separate payment for each employee
When your monthly payroll run has identified that no DEA payment (£0.00 deduction) is due for an employee	YES Or contact us via the employers’ helpline to inform us	As this will notify DfC, who will have been expecting to receive a payment

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4. Employee's earnings have now changed. What do I do?

If you receive a notice informing you to apply a fixed rate amount, it should be applied from the next available pay day and continue to apply this rate for future pay periods until DfC contact you to either apply a different rate or advise you to stop deductions altogether. However, no DEA deduction can be made (calculated or fixed rate) from earnings which are below the threshold (see [Table](#)). The protected earnings rules still apply to a fixed rate deduction.

5. How do I inform the employee of the amount of deductions?

The regulations state that the employer must inform the employee of the amount of the deduction, including any administration costs, and how that amount is calculated. This information can be included on the payslip, by showing the amount with the explanation 'DEA table' or 'DEA fixed'.

6. What if the employee thinks the amount they owe is wrong?

If your employee thinks that the amount of money they owe is wrong, you should advise them to contact us on the telephone number at the top of the letter they received about the Direct Earnings Attachment.

Please do not provide your employee with the employer helpline number, as use of this number by an employee will cause a hand-off delay when they contact DfC Debt Management to resolve their query.

7. Is there a protected earnings limit?

An employee must be left with 60% of their net earnings after the DEA deduction and deductions from any other orders have been made. If the full DEA deduction, after other orders, reduces net earnings to less than 60%, a partial DEA deduction can be made up to the protected earnings level. The protected earnings rule applies even when we ask you to apply a fixed DEA deduction rate.

8. What happens if there are other orders in place?

The current priority of orders and other deductions such as Student Loans remains unchanged with the introduction of DEAs.

A DEA is a non-priority order and as such will always give way to any other orders that might already have been served on the employee.

If other deductions already being taken from the employee's net wage leave the employee with net earnings below 60% of the net wage before a DEA is considered, then a DEA deduction cannot be taken.

If a DEA deduction can be taken, the result of this deduction must not leave the employee with less than 60% of their net earnings. If the full DEA deduction, after other orders, reduces net earnings to less than 60%, a partial deduction can be made up to the protected earnings level.

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The difference should not be carried forward. A deduction should only be carried forward where a shortfall occurs due to an incorrect lesser amount being deducted in error, or when one or more deductions have been missed.

The maximum amount which can be deducted for a Direct Earnings Attachment is **20%** of the net earnings if deductions are being taken at the **Standard** rate, as illustrated in the [Table](#) or **40%** if deductions are being taken at the **higher** rate, as illustrated in the [Table](#)

9. I have reduced the DEA deduction from January's pay period because of other orders.

This would reduce the employee's net earnings to below 60% if the full deduction was applied. Do I need to make up the difference in the February pay period?

No, this should not be carried forward. A deduction should only be carried forward where a shortfall occurs due to an incorrect lesser amount being deducted in error, or when one or more deductions have been missed.

10. Can I use other department's accounts to send DEA deduction payments?

No. Only use the account details provided in this guide or as shown on the DEA schedule when you make a DEA payment to us. The departments work separately and collect the payments for different reasons. Please note that if you send a payment to another department in error, it will be your responsibility to contact the other department and to recover the money.

11. I have received a letter to apply a fixed rate amount for each pay period. What is this?

In exceptional circumstances, the DfC Debt Management may agree an alternative fixed amount with your employee, which is usually a lower amount than the DEA deduction calculated by you. If we decide a fixed rate is applicable, we will write to you to apply a fixed rate amount to be deducted each pay day. You should continue to apply this rate for future pay periods until either:-

- the amount to recover is no longer outstanding; or
- the employee leaves your employment; or
- DfC contact you to either apply a different rate; or
- advise you to stop deductions altogether.

However, if for any pay period the earnings are below the relevant threshold within the [Table](#), no DEA deduction can be applied as the protected earnings rules still applies to a fixed rate deduction.

This fixed amount applies even where the employee receives an advance of pay, such as holiday pay paid in advance. For example, the employee receives their normal weekly wage plus two weeks holiday pay. The fixed amount of £x per week would apply to both the current pay week and each weeks in advance of pay. Therefore the DEA deduction would be £x x 3.

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12. How would I apply any rounding of the net wage?

All calculations for the purpose of a DEA which result in a fraction of a penny are rounded to the nearest whole penny, with the exact half a penny being rounded down to the nearest whole penny, as follows for a net wage of:

- £200.90 per week. $£200.90 \times 5\% = £10.045$
 - The weekly deduction would be £10.04
- £235.30 per week. $£235.30 \times 7\% = £16.471$
 - The weekly deduction to apply would be £16.47
- £235.63 per week. $£235.63 \times 7\% = £16.4941$
 - The weekly deduction to apply would be £16.49
- £1,547.99 per month. $£1,547.99 \times 11\% = £170.2789$
 - The **monthly** deduction to apply would be £170.28

Example: DEA calculation for a monthly paid employee:

You receive a DEA notice from the DfC Debt Management dated 25 July 20xx asking you to set up deductions from your employee's salary according to [Table](#). Your employee is paid monthly, on the last working day of each month.

- the employer has to implement the DEA from the first payday on or after 16 August 20xx (the day following 22 days from DEN 2), which in this case is 30 August 20xx.
- Calculate the employee's gross earnings comprising their monthly wages (including bonuses, overtime, commission but excluding SMP etc.). In this case, the gross wage is £1,200
- deduct tax, NICs (National Insurance contributions) and superannuation contributions which, in this case, is £240

That leaves net earnings of £960

- look up the appropriate percentage applicable for that monthly net wage figure within [Table](#) – in this example £960 would attract a deduction of 7% at Standard rate and **14% at Higher rate** which when calculated is £67.20 (Standard rate) or **£134.40 (Higher rate)**
- check if, following the deduction (and deductions for any other orders in place) it still leaves the employee with 60% of net earnings
- send the deduction of £67.20 or **£134.40** to the DfC. The payment must reach the DfC Debt Management by 19 September 20xx at the latest.
- deduct £1.00 if you wish for your administrative costs
- pay your employee £891.80 (being £1,200 less £240 less £67.20 less £1.00) or **£824.60 (being £1,200 less £240 less £134.40 less £1.00)**
- and itemise the deduction on their payslip

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13. How do I calculate deductions when the employee receives holiday pay in advance?

Where the amount to be paid to the employee on any pay-day includes an advance in respect of future pay, the total amount to deduct is determined by dividing the whole amount of net earnings by the number of pay periods, calculate a single deduction amount and then calculate the total deduction amount by multiplying that single deduction by the number of pay periods.

Example: for employee's paid holiday pay in advance,

You are operating a DEA for an employee who you pay weekly, and you pay them a weekly wage which includes an advance of holiday pay for two weeks.

- the net wage, after tax, NICs and superannuation contributions is £997.75, which is one week's wage of £392.15, and two weeks holiday pay at £302.80 per week totalling £605.60.
- calculate your employee's total net earnings - £392.15 + £605.60 = £997.75
- divide this by the number of pay periods the payment is for - £997.75 / 3 (weeks) = £332.58
- Identify from [Table](#) the correct percentage deduction rate for weekly earnings of £332.58 (e.g. £270.01 to £375 = 11% **or 22%**)
- calculate the weekly deduction £332.58 x 11% = £36.5838 (£36.58) **or £332.58 x 22% = £73.1676 (£73.16)**.
- multiply this weekly deduction by the number of weeks the payment is for in total - 3 x £36.58 = £109.74 **or 3 x £73.16 = £219.48**
- pay DfC £109.74 **or £219.48**
- deduct a further £1.00 if you wish for your administrative costs

14. What happens if the pay includes an amount in respect of any arrears due?

You should apply the appropriate rate from [Table](#) the total net payment in the period it is received. So, for example, if an employee was usually paid £500 net per month but in a given month was paid £750 (to include a net payment of arrears of £250), then you should apply the deduction applicable from [Table](#) the monthly net earnings payment of £750. In this example, a deduction of 5% **or 10%** would be applied.

15. What happens if my employee receives a bonus?

A bonus is to be added to the income for the week or month it was paid in, if both payments were made on the same day.

If a bonus is paid within the same tax period, but separate from the monthly wage, two separate calculations are made, as illustrated in the second example below.

If a bonus is paid outside the pay period, the bonus will be added to the payment made on the following pay day.

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Example: Bonus paid with a normal wage

Your employee is monthly paid, and gets paid on the last working day of the month. Their net wage on 30 August 20xx was £1,625.73, and, in addition, they received a bonus of £550.

- add the net wage and the bonus together. $£1,625.73 + £550.00 = £2,175.73$
- identify from [Table](#) the correct percentage deduction rate for their monthly earnings = 15% **or 30%**
- calculate the deduction - $£2,175.73 \times 15\% = £326.36$ **or $£2,175.73 \times 30\% = £652.72$**
- pay DfC £326.36 **or £652.72**
- deduct a further £1.00 if you wish for your administrative costs

Example: Bonus paid separately from a normal wage

Your employee is monthly paid, and gets paid on the 25th of the month. On 25 September 20xx he received a month's wage of £1,625.73. On 30 September 20xx he received a bonus of £550.

Calculate the DEA deduction for 25 September 20xx.

- calculate your employees net earnings for the month which in this case is £1,625.73
- $£1,625.73 \times 15\% = £243.86$ **or $£1,625.73 \times 30\% = £487.72$**
- pay DfC £243.86 **or £487.72**
- deduct a further £1.00 if you wish for administrative costs
- Add the bonus paid on 30 September 20xx and the net wage paid on 25 September together.
- $£1,625.73 + £550 = £2,175.73$
- calculate the total deduction - $£2,175.73 \times 15\% = £326.36$ **or $£2,175.73 \times 30\% = £652.72$**
- subtract the amount already deducted - $£326.36 - £243.86 = £82.50$ **or $£652.72 - £487.72 = £165$**
- pay DfC £82.50 **or £165**
- deduct a further £1.00 if you wish for your administrative costs

16. Do I have to send a schedule each time I send DfC Debt Management a payment?

The Method of Payment Process summary illustrates the circumstances when you do not need to send in a schedule and the circumstances when a schedule is necessary.

17. How do I calculate deductions when the employee has two jobs?

If you have an employee with two or more jobs with you, and they are paid for different pay periods (e.g. one is weekly paid and one is monthly paid), you should treat this as two separate calculations. This will mean that you should apply correct payment period from [Table](#) to each of these payments, calculate the deductions separately and make a payment to DfC Debt Management of a total of the two separate amounts.

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However, if the employee has two or more jobs with you, but they are all paid on the same day for the same period, the wages can be added together and calculated as one deduction.

Example: An employee with two jobs

You receive a DEA notice dated 1 August 20xx. Your employee is paid weekly for one job and monthly for another. The weekly pay is paid on a Friday and the monthly pay is paid on the last week day of the month. The first deductions for each job are as follows.

- the employer has to implement the DEA from the first pay day on or after 22 August 20xx (22 days from DEN 2) which in this case is 23 August 20xx for the weekly pay, and 30 August 20xx for the monthly pay.
- calculate your employees net earnings for the weekly wage paid on 23 August 20xx (which in this case is £149.50)
- identify from [Table](#) the correct weekly percentage deduction rate i.e. £100.01 to £160 = 3% **or 6%**
- calculate the deduction - $£149.50 \times 3\% = £4.48$ or $£149.50 \times 6\% = £8.97$
- calculate your employees net earnings for the weekly wage paid on 30 August 20xx = £149.50
- identify from [Table](#) the correct percentage deduction rate i.e. £100.01 to £160 = 3% **or 6%**
- calculate the deduction - $£149.50 \times 3\% = £4.48$ **or $£149.50 \times 6\% = £8.97$**
- calculate your employee's net earnings for the first month following the 22 day period, paid on 30 August 20xx, which in this case is £523.88
- identify from [Table](#) the correct monthly percentage deduction rate i.e. £430.01 to £690 = 3% **or 6%**
- calculate the deduction - $£523.88 \times 3\% = £15.72$ **or $£523.88 \times 6\% = £31.43$**
- for each weekly calculation you may deduct £1.00 if you wish for your administration costs
- for each monthly calculation you may deduct £1.00 if you wish for your administration costs

18. What happens if I fail to make a deduction when it is due, or deduct an incorrect amount?

Where the incorrect amount is because a previous deduction was not made when it should have been taken, or was less than the amount which should have been deducted this is known as a shortfall and should be corrected on the next payday. You should first deduct the amount required for the current pay period, and then include the adjustment. The total to be deducted, including adjustments and other deductions in place, must not leave the employee with less than the protected earnings limit of 60% for any pay period.

Where the incorrect amount is because the deduction was more than the amount which should have been deducted, you should first deduct the amount required for the current pay period, and then reduce the amount by the excess previously taken.

It is important to note that if a deduction was not made in any week or month simply because the employee's earnings were below the threshold, or the deduction was reduced in any week or month because the DEA along with other orders in place would breach the

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protected earnings limit of 60%, this is **not** a shortfall as described above. A shortfall only occurs when an incorrect amount has been deducted in error, or when one or more deductions have been missed.

19. How are loans treated?

If you lend money to your employee and then recover the loan through your employee's earnings, you must make the DEA deduction before you take any repayment towards the loan. You cannot make a deduction under a DEA from the loan when you give it to the employee.

20. What happens if I do not pay my employee weekly or calendar monthly?

a) Employee not paid in intervals of whole months or weeks

If your employee is paid at regular intervals, but not at intervals of a whole number of weeks or months, then net wages should be divided by the number of days. The daily deduction from [Table](#) should then be used to work out the appropriate daily rate, which should then be multiplied by the number of days in the pay period.

Example: Employee is paid on the 10th, 20th and last day of each month

The pay period is 21-28 February (eight days).

- calculate your employee's net earnings for the pay period - £560
- calculate the daily rate - $£560 / 8 \text{ days} = £70$
- identify the correct percentage rate for daily earnings from [Table](#) i.e. £54.01 to £75 = 15% **or 30%**
- calculate the daily deduction rate - $£70 \times 15\% = £10.50$ **or $£70 \times 30\% = £21$**
- calculate the total DEA deduction - $£10.50 \times 8 = £84.00$ **or $£21 \times 8 = £168$**
- deduct a further £1.00 if you wish for your administrative costs

b) Employee is paid at intervals of whole months or weeks but not each week or month

If you pay your employee at regular intervals of whole weeks or months, but not each week or month, for example fortnightly or 4 weekly, you should simply divide the payment by the number of weeks or months to which it applies, calculate the deduction as normal and then multiply the resulting amount by the number of weeks or months to arrive at the total deduction to be paid over.

If an employee is paid 2 weekly, the total net wage is divided by 2 and the weekly rate from [Table](#) is used to check the percentage rate.

If an employee is paid 4 weekly, the total net wage is divided by 4 and the weekly rate [Table](#) is used to check the percentage rate.

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Example: for a 4 weekly paid employee

Your employee is 4 weekly paid, and their next pay day is 20 September 20xx.

- calculate your employee's net earnings which in this case are £845.83 for 4 weeks
- divide this total by the number of weeks the salary is for $£845.83 / 4 = £211.46$
- identify from [Table](#) the correct percentage for a weekly deduction rate i.e. £160.01 to £220 = 5% or 10%
- calculate the deduction - $£211.46 \times 5\% = £10.57$ or $£211.46 \times 10\% = £21.14$
- multiply this weekly deduction by the number of weeks paid - $4 \times £10.57 = £42.28$ or **$4 \times £21.14 = £84.56$**
- pay DFC £42.28 or **£84.56**
- deduct a further £1.00 if you wish for your administrative costs

Example: for a monthly paid employee

You receive a DEA notice from DfC Debt Management dated 25 July 20xx asking you to set up deductions from your employee's salary according to [Table](#). Your employee is paid monthly, on the last working day of each month.

The employer has to implement the DEA from the first payday on or after 16th August 20xx (the day following 22 days from DEN 2), which in this case is 30th August 20xx

- Calculate the employee's gross earnings comprising their monthly wages (including bonuses, overtime, commission but excluding SMP etc.). In this case, the gross wage is £1,200
- deduct tax, NI and superannuation contributions which, in this case, is £240
- **that leaves net earnings of £960**
- look up the appropriate percentage applicable for that monthly net wage figure within [Table](#) in this example £960 would attract a deduction of 7%, which when calculated is £67.20
- check if, following the deduction (and deductions for any other orders in place) it still leaves the employee with 60% of net
- Send the deduction of £67.20 to DfC Debt Management. The payment must reach DfC Debt Management by 19th September 20xx at the latest.
- deduct £1.00 if you wish for your administrative costs
- pay your employee £891.80 (being £1,200 less £240 less £67.20 less £1) and itemise the deduction on their payslip

21. What happens if the employee receives both regular and irregular payments?

You should apply the appropriate payment period rate from [Table](#) to the regular payment and then again to the irregular payment and make two separate DEA calculations. However if both payments fall on the same pay day the payments can be combined to calculate one DEA deduction.