



# Infor Infinium International HCM Payroll Guide to Attachment of Earnings and Deductions from Earnings Orders

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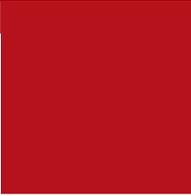
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# Attachment of Earnings and Deductions from Earnings Orders



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## Introduction

An Attachment of Earnings Order (AEO) is the statutory method by which the Courts order the recovery of money ruled to be owed by an individual. The Order is sent to the individual's employer who is then required to make the appropriate payroll deductions from the individual's pay and remit the proceeds to the Court or Charging Authority. Usually, the money is recovered over more than one pay period and is often a different amount each pay period.

Deduction from Earnings Orders (DEOs) are used by the Child Support Agency (CSA) to collect child maintenance payments from an absent parent's salary. The CSA has the power to raise a DEO. Unlike Attachment of Earnings Orders, DEOs are not issued by the courts.

Attachment of Earnings, such as Council Tax, are percentage based whilst others like Child Support DEOs, have fixed amounts.

The Department of Work and Pensions (DWP) can require employers to make deductions directly from employee's earnings to recover monies owed to DWP. These are known as Direct Earnings Attachments (DEAs) and are issued to the employer as a formal notice to set up a Direct Earnings Attachment. DEAs are non-priority orders.

## AEO, DEO, and DEA Deductions

The system allows the Attachment of Earnings Order types, Deductions from Earnings Orders, and Direct Earnings Attachments to be defined as system payroll deductions and will automatically calculate and deduct the correct amounts based on the appropriate deduction code.

When defining an AEO or DEO deduction, special system-reserved codes must be used. For example, an employee's Council Tax AEO is \*CT1A and a Child Support Order is \*CS1A. All system reserved deductions begin with \*. DEA orders are named \*DE1A to DE5A.

## Multiple AEOs and DEOs

If an employee has more than one Attachment of Earnings or Deduction from Earnings Order to be deducted, the system will automatically process them in the correct order, taking into account on each calculation, the amount of any preceding AEO/DEO in the employee's pay. The exception is DEA orders as these must be set up with a lower priority than AEO/DEO as they are to be taken after AEO/DEOs.

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## AEOs and DEOs Supported

The system supports the following types of Attachment of Earnings and Deductions from Earnings orders:

- Child Support - used for the recovery of child maintenance from an absent parents' earnings
- Council Tax - used for the collection of unpaid Council Tax
- Priority Orders - used for the collection of family maintenance and fines
- Non-Priority Orders - used for the collection of civil debts
- Direct Earnings Attachments (from DWP for collection of debts to DWP)

An employee can have up to 5 AEOs of each type, that is, a limit of 30 AEO/DEO/DEA orders in total.

## Protected Earnings

For some types of AEOs, the Court will rule that the employee has to receive a certain minimum net pay after an AEO amount has been deducted (Protected Earnings). The amount of any Protected Earnings can be typed on the appropriate employee deduction record. The system will automatically adjust the AEO amount to prevent the employee's net pay falling below this protected earnings level.

DEOs issued for child maintenance recovery or DEAs may show the protected earnings as a percentage of net earnings. A field is provided on the employee \*CSnn or \*DnA deduction record to indicate that the value in the protected earnings field is to be treated as a percentage of net earnings.

## Limits Processing

The actual total amount of the AEO to be recovered is typed as a limit amount on the employee deduction record. The system uses limit processing to ensure that only the correct total amount is taken. In the case of Child Support or other maintenance AEOs, no limit is necessary since the same amount is taken each pay period.

When the AEO limit is reached and the complete amount has been deducted, the system will automatically switch off or deactivate the employee's AEO deduction and insert an end date on the deduction record.

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## Administrative Fee

Each time an AEO or DEO payroll deduction is taken, the employer is entitled to levy a small fee from the employee towards administrative costs.

Infinium PY allows an administration fee to be set up as an additional employee deduction, which will be automatically deactivated when the full amount of its related AEO has been taken.

## Employee Statements

At the end of payroll cycle processing, the system will automatically produce a statement for each employee with a Council tax and/or Community Charge Attachment of Earnings Order. This statement shows the amount deducted for that period, the total amount deducted to date, and the amount still owing, designed to be given to the employee with the pay advice.

## Print Attachment of Earnings

When an Attachment of Earnings Order deduction is defined for an employee, the charging authority or department involved can be recorded. This facilitates the data required for the Print Attachment of Earnings report, which lists all of the employees and amounts deducted for each Charging Authority for a specified pay period.

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## AEO and DEO Deduction Controls

For the system to process Attachment of Earnings and Deductions from Earnings Orders, a deduction control record for each type must be defined using the special system-reserved code values shown below. These codes identify to the system the calculations to perform.

Code	Description
*CT1A to *CT5A	Council Tax attachment of earnings orders
*CS1A to *CS5A	Child Support DEOs
*PO1A to *PO5A	Other priority AEOs
*NP1A to *NP5A	Non-priority AEOs
*CO1A to CO5A	Court Order AEOs
*CCAS *CCBS	Community Charge Arrestment Orders, Scotland
*DE1A to *DE5A	Direct Earnings Attachments from DWP

### Defining the deduction controls

These deductions should be defined using the *Update Deduction Controls* function.

To set up the appropriate deductions:

- 1 From the Infinium PY main menu select *Controls*.
- 2 Select *Deduction Controls*.
- 3 Select *Update Deduction Controls* [UDC]. The system displays the Update Deduction Controls selection screen similar to the screen shown below.

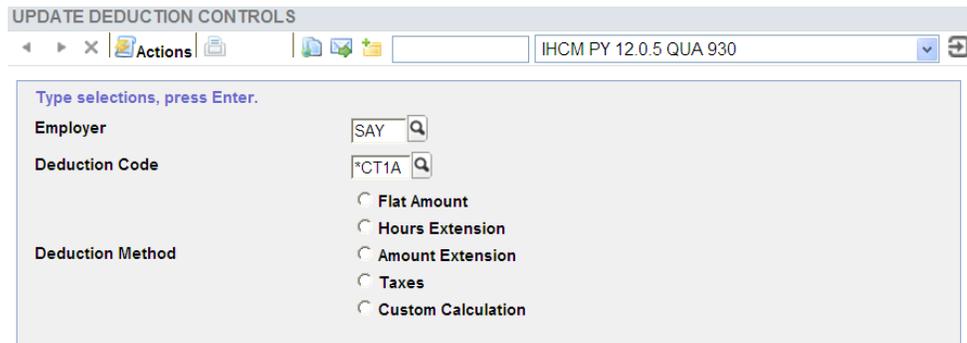


Figure 1: Update Deduction Controls selection screen

- 4 For employees with more than one AEO of a particular type, for example, 2 Council Tax order, define additional deduction controls using the codes \*CT2A, \*CT3A, and so on. Up to five of the \*CT, \*CS, \*PO, \*CO, \*NP, and \*DE types can be defined.
- 5 For the *Deduction Method*, use the flat amount method.
- 6 Press Enter. The system displays the Update Deduction Controls screen similar to the screen shown below.

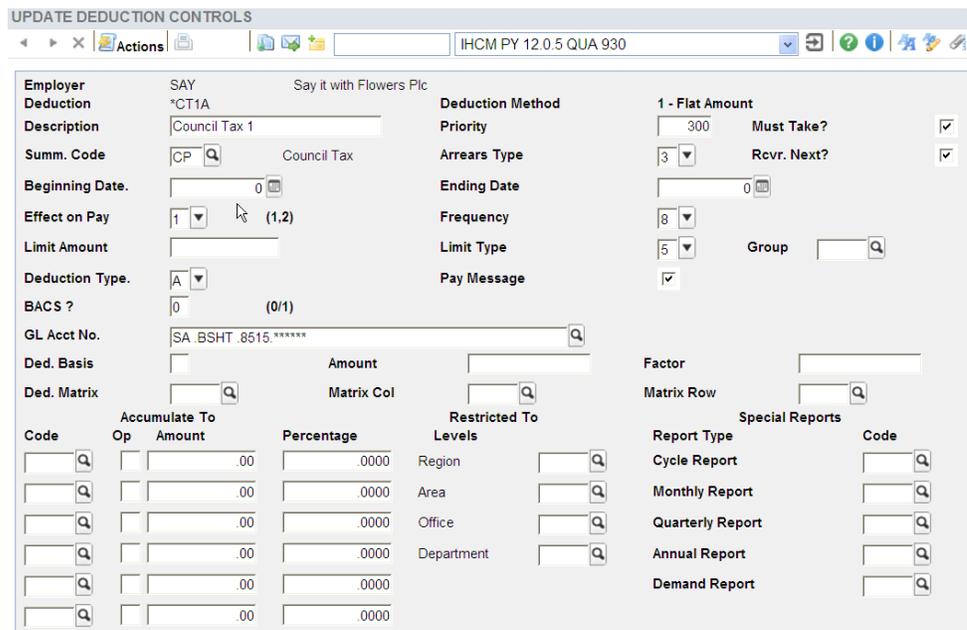


Figure 2: Update Deduction Controls screen

- 7 Use the information below to complete this screen.

*Description*

Type the description of the AEO type, for example, **Council Tax**.

### *Priority*

The priority normally controls the order in which deductions are processed. For \*CT, \*CS, \*PO, and \*CC deductions, use a priority number, which is after the priorities used for \*PAYE, \*NIC, and any pension deductions. Note that for \*CT, \*CS, and \*PO deductions, the relative priority will be based on the starting dates typed in the employee's AEO deduction records, with the earliest date being given highest priority.

The non-priority (\*NP) and \*DE deductions must be set with a priority at least 25 after the other AEO type deductions. This is to ensure that non-priority deductions are always processed after the priority AEOs.

### *Arrears Type*

Specify **3**, for all attachments.

### *Frequency*

Specify **8**, for all pay periods.

### *Limit Amount*

Leave blank. This will be completed at the employee level.

### *Limit Type*

Specify **5**, for lifetime limit. This will ensure the AEO deductions continue across tax years.

### *Deduction Type*

Specify **A**, to identify an Attachment of Earnings deduction.

**8** Press F3 to exit and save your changes.

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## AEO Administrative Fee Deductions

Each time an Attachment of Earnings order payroll deduction is taken, the employer is entitled to levy a small fee from the employee towards administrative costs.

### Relationship between Administration Fee and AEO

The fee is entitled to be deducted only if the main attachment amount is deducted; the fee is therefore dependent on the order being taken. This relationship between the two deductions is built into the code structure to allow the system to recognise Attachment of Earnings order administration fees and to check that the main attachment has been taken.

Use the following deduction codes listed below for the AEO administration fees.

AEO Code	Admin fee Code	AEO Description
*CT1A	*CT1F	Council Tax .
*CS1A	*CS1F	Child Support.
*PO1A	*PO1F	Other priority AEOs.
*NP1A	*NP1F	Non-priority AEOs.
*CCAS	*CCSF	Community Charge , Scotland
*CO1A	*CO1F	Court Orders
*DE1A	*DE1F	Direct Earnings Attachments from DWP

As with the main AEO codes, if employees have more than one AEO of the same type, up to five separate administration fees for each \*CT, \*CS, \*PO, \*CO, and \*NP types can be defined, using the structure \*CT2F, \*CT3F, and so on.

These deductions should be defined using the *Update Deduction Controls* function.

### Defining the deduction controls

To set up the appropriate deductions:

- 1 From the Infinium PY main menu select *Controls*.
-

- 2 Select *Deduction Controls*.
- 3 Select *Update Deduction Controls [UDC]*. The system displays the Update Deduction Controls selection screen.
- 4 Complete the information on the screen and press Enter. The system displays the Update Deduction Controls screen similar to the screen shown below.

The screenshot shows the 'UPDATE DEDUCTION CONTROLS' screen. The title bar indicates the application is 'IHCM PY 12.0.5 QUA 930'. The main form is divided into several sections:

- Employer:** SAY (Say it with Flowers Plc)
- Deduction:** \*CT1F
- Description:** Council Tax Fee 1
- Summ. Code:** CZ (Admin Charge)
- Beginning Date:** 0
- Effect on Pay:** 1 (1,2)
- Limit Amount:** (empty)
- Deduction Type:** (empty)
- BACS ?** 0 (0/1)
- GL Acct No.:** SA ADMIN 4085.\*\*\*\*\*
- Ded. Basis:** Amount 1.00
- Ded. Matrix:** Matrix Col (empty)
- Deduction Method:** 1 - Flat Amount
- Priority:** 301 (Must Take? checked)
- Arrears Type:** 3 (Rcvr. Next? checked)
- Ending Date:** 0
- Frequency:** 8
- Limit Type:** (empty)
- Pay Message:** (checked)
- Factor:** (empty)
- Matrix Row:** (empty)

At the bottom, there are two tables:

Accumulate To		Percentage		Restricted To		Special Reports	
Code	Op	Amount	Percentage	Levels		Report Type	Code
		.00	.0000	Region		Cycle Report	
		.00	.0000	Area		Monthly Report	
		.00	.0000	Office		Quarterly Report	
		.00	.0000	Department		Annual Report	
		.00	.0000			Demand Report	

Figure 3: Update Deduction Controls screen

- 5 Use the information below to complete this screen.

#### *Description*

Type the description of the AEO type, for example, **Council Tax Fee 1**.

#### *Priority*

Enter a priority number, which is at least 25 greater than the AEO deduction priorities. Ensure that there are no other deductions set up with priorities between those defined for the AEO main and AEO fee deductions. This is to ensure that other deductions are not processed between the AEO and its fee.

Specify the type of arrears processing that is required for this deduction. Because AEO fees are optional, the arrears handling is also optional.

#### *Beginning Date*

The beginning date should be specified but when assigning the deduction to the employee.

#### *Frequency*

Specify **8**, for all pay periods.

*Limit Amount*

Leave blank. There is no limit involved for deduction of fees.

*Deduction Type*

Leave blank. Do not use type A.

- 6 Press F3 to exit and save your changes.

## Child Maintenance Employer Reference number

If your company has been provided with a Child Maintenance Employers reference number, this must be defined in the employer control. This reference number is required when the system creates a Child Maintenance DEO report in XML format for reporting to the CSA.

### Updating the employer control

To updated the employer control:

- 1 From the Infinium PY main menu select *Controls*.
- 2 Select *Employer Controls*.
- 3 Select *Update Employer Controls [UERC]*. The system displays the Update Employers Controls selection screen.
- 4 Select an employer and press Enter three times to display the Update Employer Controls screen 3 similar to the screen shown below.

**EMPLOYER UPDATE**

Actions [Icons] IHCM PY 12.0.5 QUA 930

Employer PET Pets are Us

Employee Complete Name Method 1 (1-5)

Employee Cheque Name Method 1 (1/2/3)

PAYE District Number 498

PAYE Reference Number H52

Accounts Office Reference No. 123PQ87654329

Child Maintenance Employers Ref 141414141414

Pension Payroll Employer?  Check for Yes

Contracted Out Cert No. (ECON). E3528056E

Pay Message Code [ ]

Job Hours Names	Pay Rate Names	
1. Basic Hrs	1. Basic	
2. [ ]	2. Daily	Calculate & Store Daily rate Rates 2 to 5 Custom Program
	3. Weekly	Calculate & Store Weekly Rate
	4. Hourly	Calculate & Store Hourly Rate
	5. Last Basic	After Cycle, Save In Pay Rate

Figure 4: Employer Update screen 3

- 5 Specify the number on the *Child Maintenance Employers Ref* field.
- 6 Press F3 to exit and save your changes.

## Employee AEO Deductions

When an Attachment of Earnings order is received, to process through payroll, an AEO deduction record with the correct code for the AEO type must be assigned and completed for the employee.

If the employee already has an AEO deduction of that type, for example, \*PO1A, a second deduction must be created using the convention \*PO2A, and so on. Up to five deductions per type per employee are supported.

### Assigning the deduction codes to an employee

To assign the deduction codes to an employee:

- 1 From the Infinium PY main menu select *Employees*.
- 2 Select *Update Employee Deduction Data [UEDD]*. The system displays the Employee Update selection screen.
- 3 Specify an employer and employee and press Enter. The system displays the Update Employee Deductions selection screen.
- 4 Press F6 to create a new deduction or specify an existing deduction and press Enter. The system displays the Update Employee Deduction Codes screen similar to the screen shown below.

The screenshot shows the 'UPDATE EMPLOYEE DEDUCTION CODES' screen. At the top, it displays 'UPDATE EMPLOYEE DEDUCTION CODES' and 'IHCM PY 12.0.5 QUA 930'. Below this, there are several sections of data entry fields:

- Employer:** SAY
- Employee:** 101220
- Deduction Code:** \*CT1A
- Priority:** 300
- Starting Date:** 01052012
- Employee Amount:** 85.00
- Employee Rate/Pct:** .0000
- Employee Limit:** .00
- Frequency:** [ ]
- Deduction Basis:** [ ]
- Deduction Matrix:** [ ]
- Matrix Column:** [ ]
- Matrix Row:** [ ]
- Deduction Expense:** [ ]
- Protected Earnings:** 350
- Protection as a %:** [ ]  Check for Yes
- Insurance Amount:** .00
- Information:** [ ]
- Deduction Method:** 1 (flat amount)
- Ending Date:** [ ]
- Employer Amount:** .00
- Employer Rate/%:** .0000
- Employer Limit:** .00
- Arrears Type:** 3
- Deduction Factor:** [ ]
- Charging Authority:** [ ]
- Ded. Limit Group:** [ ]
- Cycle Group:** [ ]

Figure 5: Update Employee Deduction Codes screen

- 5 Use the information below to complete this screen.

### *Starting Date*

The starting date is required for AEO deductions. Type the date on which the attachment was issued. This is critical for employees with multiple attachments since any calculations must take into account any preceding AEO amounts, and these have to be processed in issue date order.

### *Protected Earnings*

Type any protected earnings amount advised by the Court on the attachment.

### *Protection as a %*

Specify 1 or yes if the order specifies that the protected earnings is a percentage of net earnings, in which case also specify the percentage value in the *Protected Earnings* field.

If the company intends to take the allowable administration fee for the attachment, create a corresponding Attachment of Earnings Order Administration fee deduction for the employee, for example, if the attachment is for Council Tax and has been set up as \*CT1A, then create a \*CT1F deduction for the employee. Similarly, if it is a second Council tax attachment, \*CT2A, then create \*CT2F, and so on. Up to five deductions per type per employee are supported.

### *Information*

For \*CSnn DEO deductions, the employee reference number issued by the CSA must be entered in the *Information/Employee Reference* field.

## 6 Press F3 to exit and save your changes.

**Note:** When exiting from the *Update Employee Deduction Data* function, the system will check if an AEO deduction exists with no corresponding AEO fee deduction and if so will display an error/warning message, which can be overridden by a function key.

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## Earnings Attachment Tables

The tables for \*CT council tax, that are based on a percentage of earnings, are built into the system and do not need to be entered.

The tables for the Direct Earnings Attachment, \*DE1A, \*CCAS, and \*CCBS must be entered by users, using the *Update Earnings Attachment Table* function as shown below.

- 1 From the Infinium PY main menu select *PY Supervisor's Functions*.
- 2 Select *PAYE/NI/Statutory Tables*.
- 3 Select *Update Earnings Attachment Table [UCCT]*. The system displays the Update Earnings Attachment selection screen.

### Update Earnings Attachments Tables

Type choices, press Enter

Pay Frequency

Country/Type  DEA  England/Wales  Scotland

Effective Date

Figure 6: Update Earnings Attachments Tables screen

- 4 Complete the information on the page.

#### *Pay Frequency*

Specify the pay frequency. Valid values are:

- |           |         |
|-----------|---------|
| <b>W</b>  | Weekly  |
| <b>M</b>  | Monthly |
| <b>13</b> | Lunar   |

**26** Fortnightly

*Country/Type*

Specify the code for the country or type of table. Valid values are:

- S** Scotland (for \*CCAS and \*CCBS)
- E** England and Wales (not currently used)
- D** DEA Direct earnings attachments issued by DWP

*Effective Date*

Specify the date from which the rates are effective.

5 Press Enter.

For a monthly pay frequency:

[Update Earnings Attachments Tables](#)

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🔖 IHCM PY 12.0.7 QUA 936

Pay Frequency	M	Country/Type
Effective Date	6/04/2013	
For Amount Exceeding	<input style="width: 80%;" type="text" value="00"/>	
Deduction Amount	<input style="width: 80%;" type="text" value=".00"/>	
Percentage of balance	<input style="width: 80%;" type="text" value=".0"/>	

Opt	Amount Exceeding	Deduction Amount	Percent of balance
<input type="checkbox"/>	430.01	12.90	3.0
<input type="checkbox"/>	690.01	34.50	5.0
<input type="checkbox"/>	950.01	66.50	7.0
<input type="checkbox"/>	1160.01	127.60	11.0
<input type="checkbox"/>	1615.01	242.25	15.0
<input type="checkbox"/>	2240.01	448.00	20.0

Figure 7: Update Earnings Attachments Tables screen – monthly pay frequency

For a weekly pay frequency:

### Update Earnings Attachments Tables

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Pay Frequency	W	Country/Type
Effective Date	6/04/2013	
For Amount Exceeding	<input type="text" value=".00"/>	
Deduction Amount	<input type="text" value=".00"/>	
Percentage of balance	<input type="text" value=".0"/>	

Opt	Amount Exceeding	Deduction Amount	Percent of balance
<input type="text"/>	100.01	3.00	3.0
<input type="text"/>	160.01	8.00	5.0
<input type="text"/>	220.01	15.40	7.0
<input type="text"/>	270.01	29.70	11.0
<input type="text"/>	375.01	56.25	15.0
<input type="text"/>	520.01	104.00	20.0

Figure 8: Update Earnings Attachments Tables screen – weekly pay frequency

6 Enter the appropriate amounts in these fields:

- *For Amount Exceeding*
- *Deduction Amount*
- *Percent of balance*

7 Press Enter.

## AEO/DEO Calculations

Calculations are automatically made in Attachment of Earnings and Deductions from the Earnings Order issue date (starting date) order for priority attachment deductions for each employee.

When calculating attachment deduction amounts that are based on a percentage of allowable employee earnings, for example Council Tax, the system takes into account any other attachment deduction amounts that have been taken already in that pay, that is, for attachments, excluding non-priority, with an earlier starting date. Pension deductions are also taken into account. If an earnings attachment order such as a DEA is set up with a protected earnings percentage, and the DEA table amount would cause the employee's net earnings to fall below the calculated protected earnings amount based on that percentage, then the DEA amount is taken only to the extent possible.

## AEOS - Deduction Reporting Group

To identify all Attachment of Earnings and Deductions from Earnings Orders deductions and pension deductions, these must be defined in the system through a deduction reporting group called \*AEOS.

Access the *Update Deduction Reporting Group* function and select (mark with X) all AEO and pension deductions defined to your system.

## Deactivation/Ending of AEOs

Any Attachment of Earnings deduction and its related administration fee will be automatically end dated and deactivated during the POST cycle stage when the AEO limit is reached.

## Council Tax Employee Statement

At the end of payroll cycle processing, the system will automatically produce a statement for each employee with a Council Tax Attachment. This statement shows the amount deducted for that period, the total amount deducted to date, and the amount still owing. It is designed to be given to the employee with the pay advice.

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## Charging Authority AEO Report

When defining an Attachment of Earnings or Deductions from Earnings Order deduction for an employee, the Charging Authority may be indicated using Employer Code Values held against Code Type LAT. This enables the On-Request, Charging Authority Report that lists all of the employees and deduction amounts for each Authority, for a specified pay period.

# Child Maintenance DEO Reporting

Use the *Child Maintenance DEO Reporting* function to produce a report of the Child Support deductions taken for an employer and pay period range and pay frequency. The report is in the CMEC-specified format. You can also use the function to create the report as an XML file suitable for upload. The XML file will be created by default in the integrated file system (IFS) directory path /CMEC/INFINIUM. This path can be changed as required using F13 from this function. From the IFS folder you can then upload it to the CSA Child Maintenance reporting Web site.

To product the report:

- 1 From the Infinium PY main menu select *On-Request Reports*.
- 2 Select *Child Maintenance DEO Reporting* [CMEC]. The system displays the Child Maintenance DEO Reporting screen similar to the screen shown below.

CHILD MAINTENANCE DEO REPORTING

IHCM PY 12.0.5 QUA 930

Type selections, press Enter.

Employer	PET	
Payroll Frequency	M	(W, M, 13, 26, Blank for All)
Pay Period		(Leave Blank for All)
Pay Period Start Date	01022013	
Pay Period End Date	28022013	
Print Report?	<input checked="" type="checkbox"/>	Check for Yes
Create XML Document?	<input checked="" type="checkbox"/>	Check for Yes

Figure 9: Child Maintenance DEO Reporting screen

- 3 Complete the information on the screen and press F3 to exit and save your changes.

## Notes