EXPLANATORY MEMORANDUM TO

THE STATUTORY PAYMENT SCHEMES (ELECTRONIC COMMUNICATIONS) (AMENDMENT) REGULATIONS 2010

2010 No. 2493

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

This statutory instrument makes changes to the Statutory Payment Schemes (Electronic Communications) Regulations 2002 (S.I. 2002/3047) following the introduction of additional statutory paternity pay. It amends the definition of "statutory payments" in those regulations to include additional statutory paternity pay and to reflect the change in name of statutory paternity pay to ordinary statutory paternity pay.

3. Matters of special interest to the Select Committee on Statutory Instruments

None

4. Legislative Context

4.1 The Work and Families Act 2006 (c.18) and the Work and Families (Northern Ireland) Order 2006 (S.I. 2006/1947 (N.I.16)) were introduced to make provision for statutory rights to leave and pay in connection with the birth or adoption of children.

4.2 Additional Statutory Paternity Pay was introduced in Great Britain by regulations made under Part 12ZA of the Social Contributions and Benefits Act 1992 (c.4) as amended by the Work and Families Act 2006 and, in Northern Ireland, by regulations made under Part 12ZA of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c.7) as amended by the Work and Families (Northern Ireland) Order 2006. These regulations also resulted in Statutory Paternity pay being renamed as Ordinary Statutory Paternity pay.

4.3 The Statutory Payment (Electronic Communications) Regulations 2002 provide for the delivery by electronic means of information in respect of statutory payments and the making of payments in connection with statutory payments to or by HMRC.

4.4 This statutory instrument amends the definition of "statutory payments" in the Statutory Payment (Electronic Communications) Regulations

2002 to include Additional Statutory Paternity Pay and to recognise the change in name of Statutory Paternity pay to Ordinary Statutory Paternity Pay.

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- ***What is being done and why***

7.1 The aim of Additional Statutory Paternity Pay is to give families more choice about their caring arrangements during the first year of a child's life. The policy for this Statutory Payment lies with the Department of Business, Innovation and Skills (BIS).

7.2 This instrument makes changes to the existing regulations, relating to delivery of statutory payment information, and the making of payments in connection with statutory payments, to or by HMRC, by electronic means, which are required as a consequence of the legislation referred to in paragraph 4.2.

- ***Consolidation***

7.3 There are no plans to consolidate the instrument which is being amended.

8. Consultation outcome

8.1 The changes introduced by this instrument are consequential to the introduction of Additional Statutory Paternity Pay. As a result no consultation has taken place specifically in relation to this instrument.

8.2 BIS undertook consultations in March 2006 on the detail of the Additional Paternity Leave and Pay scheme and in May 2007 on the administration of Additional Paternity Leave and Pay. A further eight-week consultation on the draft regulations introducing Additional Statutory Paternity Pay closed on 20 November 2009 and is available to view at www.bis.gov.uk.

8.3 Similar consultations were carried out by the Department for Employment and Learning in Northern Ireland. The latest consultation was during 2009 and it is available to view at www.delni.gov.uk/index/consultation-zone.

8.4 Responses to the 2009 consultations were generally positive.

9. Guidance

Guidance on Additional Statutory Paternity Pay will be available for employees via www.direct.gov.uk and for employers via www.businesslink.gov.uk and www.hmrc.gov.uk . Guidance will also be available on the Employers CD Rom and Employer Help Book produced by HMRC as well as on the HMRC employer helpline.

10. Impact

10.1 This instrument has no impact on business, charities or voluntary bodies.

10.2 This instrument has no impact on the public sector.

10.3 An Impact Assessment has not been prepared for this instrument. An Impact Assessment in respect of the introduction of Additional Statutory Paternity Pay has been prepared and is available from the Employment Relations Directorate, Department for Business, Innovation and Skills, 1 Victoria Street, London SW1H 0ET or at www.bis.gov.uk. Copies have also been placed in the libraries of both Houses of Parliament.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on firms employing up to 20 people, the approach taken in the legislation which introduced Additional Statutory Paternity Pay was to make administration of the scheme as 'light touch' as possible. In addition small businesses (defined as those paying £45,000 or less in National Insurance Contributions) can claim 104.5% of the payments made.

11.3 The introduction of Additional Statutory Paternity Pay applies to small business as employees of all businesses who meet the relevant criteria can claim. The measures outlined in the previous paragraph will help ensure that the effect on small business is minimised both in terms of administrative burdens and financial impact.

12. Monitoring & review

BIS regularly undertakes evaluations of maternity and paternity rights in conjunction with the Department of Work and Pensions.

13. Contact

Graeme Young at HMRC Tel: 0191 225 9363 or e mail graeme.w.young@hmrc.gsi.gov.uk can answer any queries regarding this instrument.