



Carrying out a self-review of the National Living Wage and the National Minimum Wage

We're carrying out checks into your payment of the National Minimum Wage (NMW) to your workers. As part of these checks, our case officer has asked you to carry out a self-review of your records. This factsheet gives you more information about what you need to do.

The NMW is the minimum amount that employers must pay their workers by law. You're responsible for making sure that you pay your workers the NMW rates.

From 1 April 2016 the NMW includes the National Living Wage (NLW). Where I refer to NMW, this also covers NLW where appropriate.

If you need help

If you have any health conditions or personal circumstances that may make it difficult for you to carry out the self-review, please tell the officer who contacted you. We'll help you in whatever way we can. For more details, go to www.gov.uk/dealing-hmrc-additional-needs.

You can also ask someone else to deal with us on your behalf, for example, a professional adviser, friend or relative. We may, however, still need to talk or write to you direct about some things. If we need to write to you, we'll send a copy to the person you've asked us to deal with. If we need to talk to you, they can be with you when we do, if you prefer.

How to carry out the self-review

The size and scope of your review will depend on a number of factors, these include:

- the size of your workforce
- the type of work your workers carry out
- the number of workers who may not have been paid at least the correct rate of NMW
- changes to the NMW rates
- changes in the contracted hours or pay rates of your workers

Our case officer should have agreed the scope of the review with you, including which periods and workers to include.

You may find that you've not paid the correct amount of NMW during the period covered by your self-review. If so, you may need to widen the scope of the review to include other periods. Do this until you're satisfied there's no longer a risk that any of your workers have been incorrectly paid.

You may also have to widen the review for selected workers or increase the number of workers it covers.

How to work out any amounts of NMW you may owe

You must treat each pay reference period separately when working out whether you've paid the NMW. This means that if you've paid more than the NMW in one pay period, you may not be able to offset that overpayment against an underpayment in another pay period.

When working out any amounts you owe, apply the current NMW rates to calculate the arrears. This means the arrears will be greater than the amount you underpaid if the NMW rates have increased.

If you need to work out what you owe:

- work out the amount of the original underpayment in the pay reference period
- divide that amount by the NMW rate which applied at the time of the underpayment
- multiply that figure by the current NMW rate

For more information on working out any amounts you might owe, including any increases, go to:

- www.gov.uk/minimum-wage-calculator-employers
- www.gov.uk/government/publications/calculating-the-minimum-wage

What happens next

After completing the self-review, you must send your calculations to HMRC. Show the following information for all underpaid workers for each pay reference period:

- name, addresses, date of birth, payroll number and National Insurance number
- details of the hours worked
- details of gross pay received by each worker, including a breakdown of any additional pay
- details of any deductions or amounts workers have paid to the employer
- the amount of underpayment for each worker
- the amount of arrears owed to each worker (using the method above)
- any arrears owed to the worker which you've now paid
- any arrears which you've still not paid

When we've looked at your self-review, we'll let you know what you need to do next. You can find more information about this in the letter enclosed with this factsheet.

It may be that the NMW rate increases between the date you work out the amount owed and the date you repay it. If that happens, you'll owe the worker an additional amount to take account of the new rates.

You must keep all of the following:

- details of the method, size and scope of your review
- details of how you worked out the amounts
- all supporting information

If we carry out a NMW check in the future, you'll need to let us have this information.

Your adviser

If you want to appoint an adviser to act on your behalf, you'll need to send us a form 64-8 'Authorising your agent'. You can complete the form online, go to www.gov.uk and search for '64-8'.

You can also get a form 64-8 by calling the number at the top of the enclosed letter or our orderline on 0300 200 3610.

Your rights and obligations

'Your Charter' explains what you can expect from us and what we expect from you.

For more information, go to www.gov.uk/hmrc/your-charter.

More information

If you would like more information:

- go to www.gov.uk/national-minimum-wage
- go to www.gov.uk/guidance/help-and-support-for-employing-people
- phone us on the number on the enclosed letter

The Department for Business, Energy and Industrial Strategy (BEIS) produces detailed guidance about the NMW. Go to www.gov.uk/beis/minimum-wage-guide.

The Acas Helpline provides free, confidential advice in over 100 languages – call 0300 123 1100.

To check current and past rates of the NLW or NMW, go to www.gov.uk/national-minimum-wage-rates.