

IRIS Payroll Business / Bureau Payroll – Attachment of Earnings (AEO) Guide

IRIS Payroll has the facilities to cope with a variety of attachment of earnings order. Here we will cover:

- Council tax attachments - **CTAEO**
- Child support agency Deduction from earnings order - **DEO(CSA)**
- Direct earnings attachment – **DEA**
- Earnings arrestment orders (Scotland) – **EAO**
- Fines - fixed deduction AEO.
- Priority Order
- Non Priority Order

Types of Attachment

The behaviour of the attachment deduction will vary depending on the “**Type**” selected. It is important that you select the correct type, depending on what attachment instructions you have received.

This table summarises the differences between types:

Attachment Type	Deduction Based on Value or % Tier	Total Amount Payable?	Protected Earnings Applied?	Unpaid Deductions Brought Forward
Council Tax	% Tier	Yes	No	No
DEO (CSA)	Value	No	Yes	Yes
DEO - New PEP	Value	No	Automatically set to 60% of deductible earnings	Yes
Earnings Arrestment	% Tier	Yes	No	No
Fines (Fixed Ded'n AEO)	% Tier	Yes	No	No
Direct Earnings (DEA) - Percentage	% Tier	Yes	Automatically set to 60% of deductible earnings	Yes
Direct Earnings (DEA) - Value	Value	Yes	Automatically set to 60% of deductible earnings	Yes
Priority Order	Value	Yes	Yes	Yes
Non Priority Order	Value	Yes	Yes	No

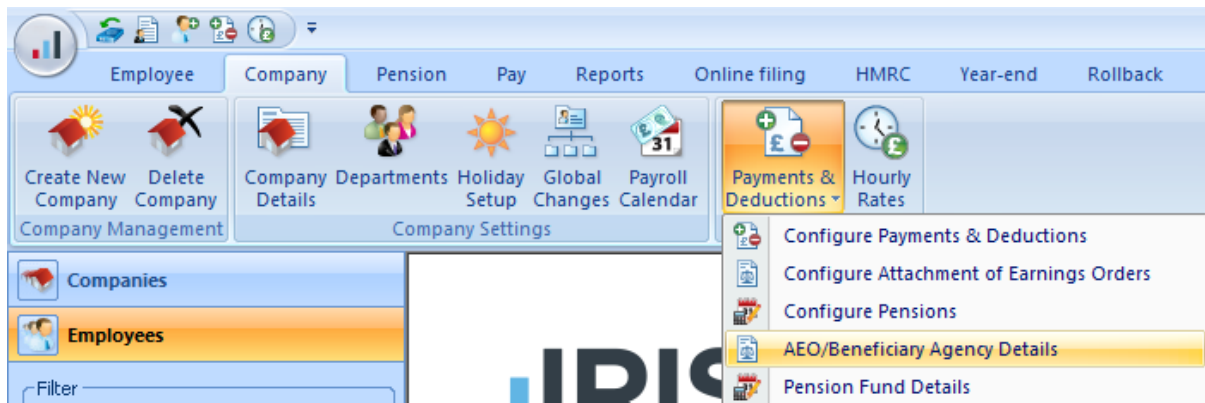
Notes:

- Where designated “% Tier” IRIS Payroll will select the correct deduction percentage based on an employee after tax/NI earnings. These % tier bandings are specified by HMRC, the details can be found in the “**HMRC**” tab in payroll.
- Where total amount payable is designated “**No**”, these are considered ongoing deductions with no total balance for the employee to pay back. These should be continued until the issuing body sends a stop deduction notification.
- Protected earnings specifies a lower limit of net pay. If an attachment uses protected earnings it will not take any deduction that would cause the employees net pay to fall below this value.
- Where unpaid deductions brought forward is designated “**Yes**”, any amount that cannot be taken from an employee due to protected earnings will be carried forward to future pay periods.

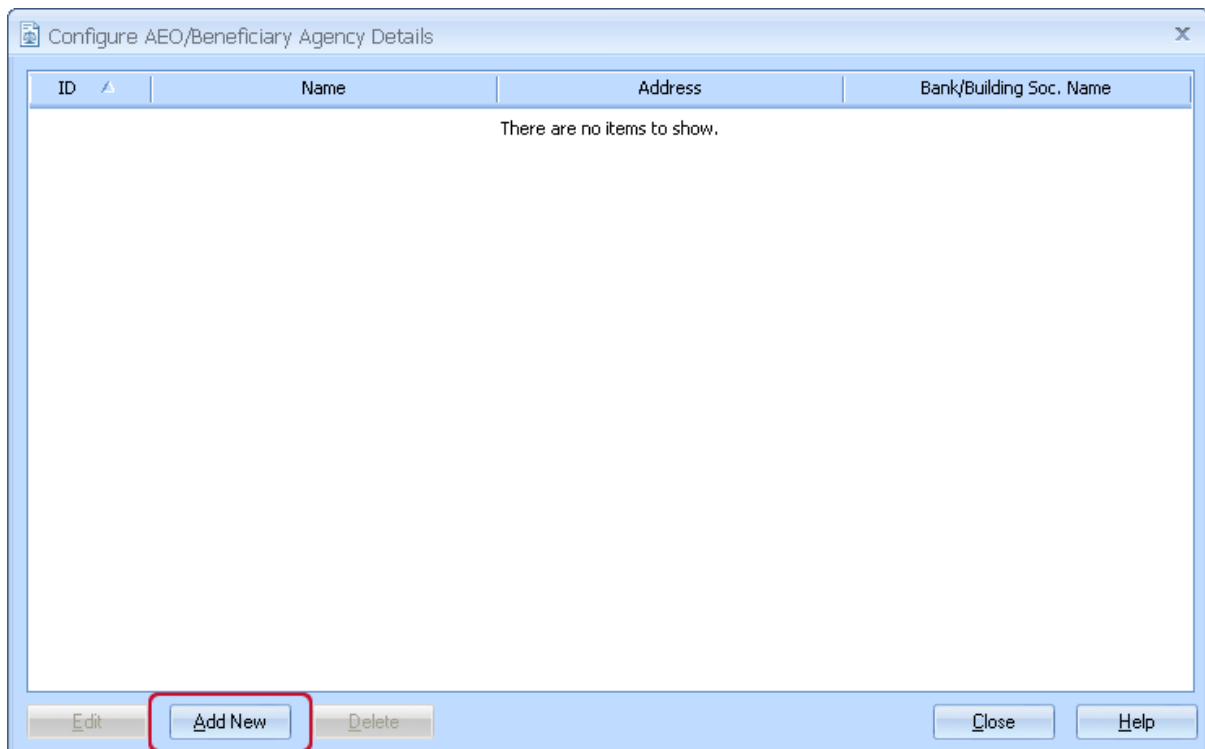
Setting up an Agency/Beneficiary

Before configuring the employee deduction you should save the details of the beneficiary for the attachment in IRIS Payroll.

To set up new beneficiary details go to “**Company**” > “**Payments & Deductions**” > “**AEO/Beneficiary Details**”:



Click **"Add New"**



Fill in as many details as you can about the beneficiary and click **"Save"**

Making an Attachment of Earnings type available to use

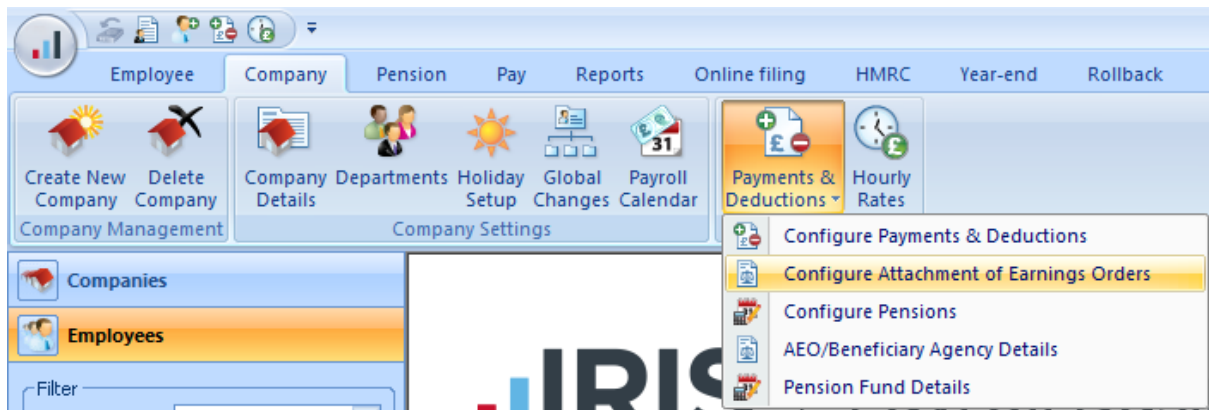
Before you can assign an employee an AEO you will need to make sure it is configured for use in your software.

By default the system will make available options for:

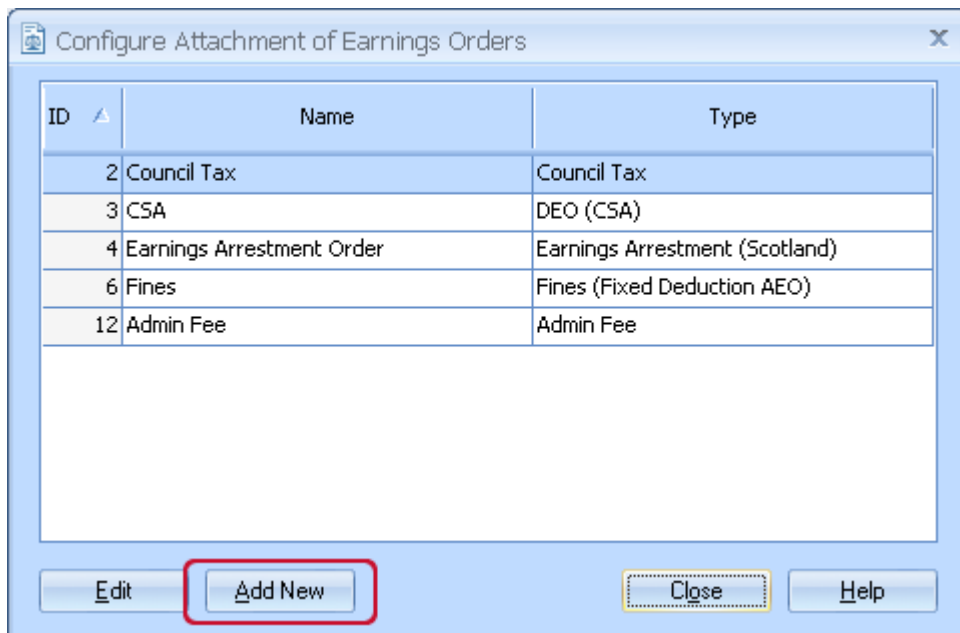
- Council Tax
- DEO CSA
- Earning Arrestment
- Fines (Fixed Deduction AEO)
- Admin fee.

If you have received an instruction to take deductions for any other type of AEO you will first need to add the appropriate type to the **"Configure Attachment of Earnings Orders"** list.

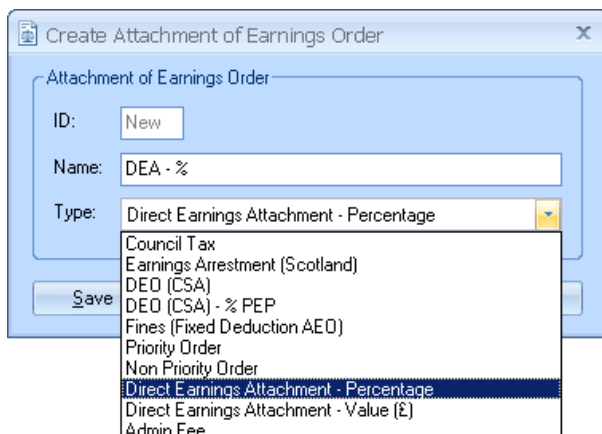
Go to **"Company"** > **"Payments & Deductions"** > **"Configure Attachment of Earnings Orders"**.



Click on **"Add New"**



On the next window type in a name for the deduction, this is what will show on the employee payslips. From the drop down menu select the type of attachment you want to use:



Click **“Save”**. The attachment is ready to be assigned to an employee.

Attachment of Earnings configuration tab

Attachment of earnings orders are configured in employee details **“AEO”** tab, this is one of the sections under **“Pay Elements”**.

To access this, double click on the employee in the left hand side bar. Open the **“Pay Elements”** tab. Then open the **“AEO”** tab:

The screenshot shows the 'Employee Details - Craig Mary (10)' interface. The 'Pay Elements' tab is selected and highlighted with a red box. Below it, the 'AEO' tab is also highlighted with a red box. The main content area shows a table with columns: ID, Name, Year To-date, and Type. The first row contains '<None>' in the Name column.

ID	Name	Year To-date	Type
	<None>		

To add an AEO, click on the text **<None>** and select the appropriate attachment option from the drop down menu.

The screenshot shows the 'AEO' tab selected. The table has columns: ID, Name, Year To-date, and Type. The first row is highlighted in yellow and shows '16' in the ID column, 'Council Tax' in the Name column, '0.00' in the Year To-date column, and 'Council Tax' in the Type column. A dropdown menu is open below the 'Council Tax' entry, showing a list of options: '<None>', 'Admin Fee', 'Council Tax' (highlighted in blue), 'CSA', 'Earnings Arrestment', and 'Priority Order'.

ID	Name	Year To-date	Type
16	Council Tax	0.00	Council Tax

- <None>
- Admin Fee
- Council Tax
- CSA
- Earnings Arrestment
- Priority Order

With the correct AEO type showing in the list we can now edit the specific details for this employee. Click on the appropriate line for the AEO you wish to configure and then click **“Edit”**

ID ▲	Name	Year To-date	Type	Issue Date
16	Council Tax	0.00	Council Tax	
	<None>			

You will then see the AEO details window where we can configure further details to match the instruction to make deduction e.g. Issue Date, Outstanding Balance, Protected Earnings, etc.

Create ' Council Tax ' ✕

Options

Issue Date:

Original Amount:

Outstanding Balance:

Year To-date:

Agency/Beneficiary: ▼

BACS Reference:

Admin Fee:

Configuring Employees' Attachments

Council Tax (CTAEO):

On the employees' AEO tab:

- Select the "**Council Tax**" AEO type.
- Highlight the new council tax entry and click "**Edit**"
- Set the "**Issue Date**" as per your instruction to make a deduction.
- Set "**Original Amount**" to the total amount the employee has to repay.
- Set "**Outstanding Balance**" to the amount the employee has left to pay (when setting up a new AEO "**Original Amount**" and "**Outstanding Balance**" will normally be the same.)
- Select the "**Agency/Beneficiary**" you have set up

- Tick “**Admin Fee**” if you wish to charge the employee the allowed £1 administration fee.
- IRIS Payroll will use the following % tier selection:

Fines(Fixed Deduction AEO) [?] [X]

Effective from April 2007

Weekly Net Earnings			Monthly Net Earnings		
From	To	Rate	From	To	Rate
0.00	55.00	0.00%	0.00	220.00	0.00%
55.01	100.00	3.00%	220.01	400.00	3.00%
100.01	135.00	5.00%	400.01	540.00	5.00%
135.01	165.00	7.00%	540.01	660.00	7.00%
165.01	260.00	12.00%	660.01	1040.00	12.00%
260.01	370.00	17.00%	1040.01	1480.00	17.00%

Above

17.00% of the first 370.00 and 50.00% of the remainder.

Above

17.00% of the first 1480.00 and 50.00% of the remainder.

Help Close

Create ' Council Tax ' [X]

Options:

Issue Date: 06/07/2015 [Calendar Icon]

Original Amount: 1500.00

Outstanding Balance: 1500.00

Year To-date: 0.00

Agency/Beneficiary: Council Tax Example [Dropdown]

BACS Reference:

Admin Fee:

Save OK Cancel Help

Save these details and continue running payroll as normal. IRIS Payroll will calculate the appropriate deduction to take based on their net pay. With each deduction the value in “**Outstanding Balance**” will reduce (updated when you calculate pay OR save variations). Once this reaches zero the attachment will automatically stop.

[Deduction Earnings Order Child Support Agency \(DEO\)](#)

On the employees’ AEO tab:

- Select the “**DEO (CSA)**” AEO type.
- Highlight the new CSA entry and click “**Edit**”
- Set the “**Issue Date**” as per your instruction to make a deduction.

- Type in the **“Deduction Amount”** as per your instruction to make a deduction.
- Enter the **“Employee Reference Number”** if known.
- Select the **“Agency/Beneficiary”** you have set up
- Tick **“Admin Fee”** if you wish to charge the employee the allowed £1 administration fee.
- Under **“Protected Earnings Options”** type in the **“Normal”** value to match the specified value for protected earnings as listed on the instruction to make deduction.

The screenshot shows a software dialog box titled "Create ' CSA '". It is divided into two main sections:

- Options:**
 - Issue Date: 06/07/2015
 - Stop Date: (empty)
 - Deduction Amount: 375.00
 - Employee Reference Number: EMP0954685
 - Year To-date: 0.00
 - Agency/Beneficiary: CSA Example
 - BACS Reference: (empty)
 - Admin Fee:
- Protected Earnings Options:**
 - Normal: 850.00
 - Brought Forward: 0.00
 - Deduction Value Brought Forward: 0.00

At the bottom of the dialog are four buttons: Save, OK, Cancel, and Help.

Save these details and continue running payroll as normal. IRIS Payroll will calculate the appropriate deduction based on the value of the deduction up to the protected earnings limit. Any value that cannot be taken due to protected earnings will be saved under **“Deductions Value Brought Forward”**. Deductions brought forward will be taken when the normal deduction value can be taken in full and the employee hasn't reached the protected earnings **“Normal”** value.

If you receive a notification to stop this deduction, return to this screen:

- Set **“Stop Date”** to match the stop notification you have received.

Deduction Earnings Order Child Support Agency 60% Protected Earnings (DEO – 60% PEP)

On the employees' AEO tab:

- Select the “**DEO (CSA) - % PEP**” AEO type.
- Highlight the new CSA entry and click “**Edit**”
- Set the “**Issue Date**” as per your instruction to make a deduction.
- Type in the “**Deduction Amount**” as per your instruction to make a deduction.
- Enter the “**Employee Reference Number**” if known.
- Select the “**Agency/Beneficiary**” you have set up
- Tick “**Admin Fee**” if you wish to charge the employee the allowed £1 administration fee.
- Protected earnings will be automatically set as 60% of the employees' deductible earnings.

The screenshot shows a software dialog box titled "Create CSA 60% PEP". It is divided into two main sections. The top section, "Options", contains several input fields: "Issue Date" is set to 06/07/2015; "Stop Date" is empty; "Deduction Amount" is 750.00; "Employee Reference Number" is EMP551821; "Year To-date" is 0.00; "Agency/Beneficiary" is set to a dropdown menu showing "CSA 60% PEP Example"; "BACS Reference" is empty; and "Admin Fee" has an unchecked checkbox. The bottom section, "Protected Earnings Options", contains: "Normal" set to "60% of deductible earnings"; "Brought Forward" set to 0.00; and "Deduction Value Brought Forward" set to 0.00. At the bottom of the dialog are four buttons: "Save", "OK", "Cancel", and "Help".

Save these details and continue running payroll as normal. IRIS Payroll will calculate the appropriate deduction based on the value of the deduction up to the protected earnings limit. Any value that cannot be taken due to protected earnings will be saved under “**Deductions Value Brought Forward**”. Deductions brought forward will be taken when the normal deduction value can be taken in full and the employee hasn't reached the protected earnings “**Normal**” value.

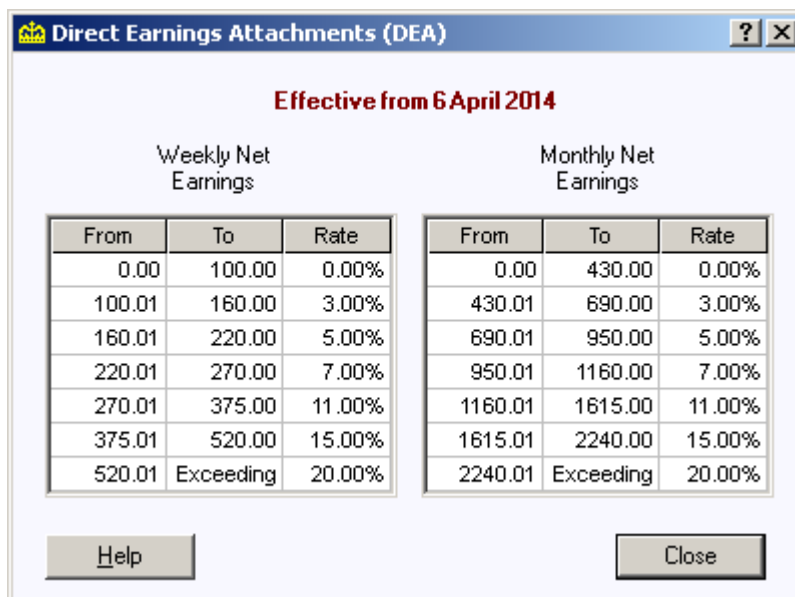
If you receive a notification to stop this deduction, return to this screen:

- Set “**Stop Date**” to match the stop notification you have received.

Direct Earnings Attachment (DEA)

On the employees' AEO tab:

- Select the **"DEA"** AEO type.
- Highlight the new DEA entry and click **"Edit"**
- Set the **"Issue Date"** as per your instruction to make a deduction.
- Set **"Original Amount"** to the total amount the employee has to repay.
- Set **"Outstanding Balance"** to the amount the employee has left to pay (when setting up a new AEO **"Original Amount"** and **"Outstanding Balance"** will normally be the same.)
- Select the **"Agency/Beneficiary"** you have set up
- Tick **"Admin Fee"** if you wish to charge the employee the allowed £1 administration fee.
- Protected earnings will be automatically set as 60% of the employees' deductible earnings.
- IRIS Payroll will use the following % tier selection:



The screenshot shows a window titled "Direct Earnings Attachments (DEA)" with a red header "Effective from 6 April 2014". It contains two tables: "Weekly Net Earnings" and "Monthly Net Earnings". Both tables have columns for "From", "To", and "Rate". The "Weekly Net Earnings" table has 7 rows, and the "Monthly Net Earnings" table has 7 rows. At the bottom of the window are "Help" and "Close" buttons.

Weekly Net Earnings			Monthly Net Earnings		
From	To	Rate	From	To	Rate
0.00	100.00	0.00%	0.00	430.00	0.00%
100.01	160.00	3.00%	430.01	690.00	3.00%
160.01	220.00	5.00%	690.01	950.00	5.00%
220.01	270.00	7.00%	950.01	1160.00	7.00%
270.01	375.00	11.00%	1160.01	1615.00	11.00%
375.01	520.00	15.00%	1615.01	2240.00	15.00%
520.01	Exceeding	20.00%	2240.01	Exceeding	20.00%

The screenshot shows a dialog box titled "Create DEA %". It is divided into two sections. The top section, "Options", contains the following fields: "Issue Date" (06/07/2015), "Stop Date", "Original Amount" (1500.00), "Outstanding Balance" (1500.00), "Year To-date" (0.00), "Agency/Beneficiary" (DEA % Example), and "BACS Reference". There is also a checked checkbox for "Admin Fee". The bottom section, "Protected Earnings Options", contains: "Normal" (60% of deductible earnings), "Brought Forward" (0.00), and "Deduction Value Brought Forward" (0.00). At the bottom of the dialog are buttons for "Save", "OK", "Cancel", and "Help".

Save these details and continue running payroll as normal. IRIS Payroll will calculate the appropriate deduction based on the appropriate % tier up to the protected earnings limit. Any value that cannot be taken due to protected earnings will be saved under **“Deductions Value Brought Forward”**. Deductions brought forward will be taken when the normal deduction value can be taken in full and the employee hasn’t reached the protected earnings **“Normal”** value. With each deduction the value in **“Outstanding Balance”** will reduce (updated when you calculate payroll or save variations). Once this reaches zero the attachment will automatically stop.

[Earning Arrestment \(EAO Scottish\)](#)

On the employees’ AEO tab:

- Select the **“Earnings Arrestment (Scotland)”** AEO type.
- Highlight the new EAO entry and click **“Edit”**
- Set the **“Issue Date”** as per your instruction to make a deduction.
- Set **“Original Amount”** to the total amount the employee has to repay.
- Set **“Outstanding Balance”** to the amount the employee has left to pay (when setting up a new AEO **“Original Amount”** and **“Outstanding Balance”** will normally be the same.)
- Select the **“Agency/Beneficiary”** you have set up

- Tick “**Admin Fee**” if you wish to charge the employee the allowed £1 administration fee.
- IRIS Payroll will use the following % tier selection:

Earnings Arrestments Rates ? X

Effective from 6 April 2015

Weekly Net Earnings

From	To	Deduct
0.00	106.17	0.00 %
106.18	383.74	19.00 %
383.75	576.92	23.00 %

Above 576.92

23.00% of the first 576.92 and 50.00% of the remainder.

Monthly Net Earnings

From	To	Deduct
0.00	460.06	0.00 %
460.07	1662.88	19.00 %
1662.89	2500.00	23.00 %

Above 2500.00

23.00% of the first 2500.00 and 50.00% of the remainder.

Help
Close

Create 'Earnings Arrestment' X

Options:

Issue Date: 📅

Original Amount:

Outstanding Balance:

Year To-date:

Agency/Beneficiary: ▼

BACS Reference:

Admin Fee:

Save
OK
Cancel
Help

Save these details and continue running payroll as normal. IRIS Payroll will calculate the appropriate deduction to take based on their net pay. With each deduction the value in “**Outstanding Balance**” will reduce (updated when you calculate payroll or save variations). Once this reaches zero the attachment will automatically stop.

Fines (Fixed Deduction AEO)

On the employees' AEO tab:

- Select the **"Fines (Fixed Deduction AEO)"** type
- Highlight the new fines entry and click **"Edit"**
- Set the **"Issue Date"** as per your instruction to make a deduction.
- Set **"Original Amount"** to the total amount the employee has to repay.
- Set **"Outstanding Balance"** to the amount the employee has left to pay (when setting up a new AEO **"Original Amount"** and **"Outstanding Balance"** will normally be the same.)
- Select the **"Agency/Beneficiary"** you have set up
- Tick **"Admin Fee"** if you wish to charge the employee the allowed £1 administration fee.
- IRIS Payroll will use the following % tier selection:

Effective from April 2007

Weekly Net Earnings			Monthly Net Earnings		
From	To	Rate	From	To	Rate
0.00	55.00	0.00%	0.00	220.00	0.00%
55.01	100.00	3.00%	220.01	400.00	3.00%
100.01	135.00	5.00%	400.01	540.00	5.00%
135.01	165.00	7.00%	540.01	660.00	7.00%
165.01	260.00	12.00%	660.01	1040.00	12.00%
260.01	370.00	17.00%	1040.01	1480.00	17.00%

Above

17.00% of the first 370.00 and 50.00% of the remainder.

Above

17.00% of the first 1480.00 and 50.00% of the remainder.
--

Buttons: Help, Close

Create ' Fines Fixed '

Options

Issue Date: 06/07/2015

Original Amount: 3150.00

Outstanding Balance: 3150.00

Year To-date: 0.00

Agency/Beneficiary: Fines Fixed Example

BACS Reference:

Admin Fee:

Buttons: Save, OK, Cancel, Help

Save these details and continue running payroll as normal. IRIS Payroll will calculate the appropriate deduction to take based on their net pay. With each deduction the value in

“**Outstanding Balance**” will reduce (updated when you calculate payroll or save variations). Once this reaches zero the attachment will automatically stop.

Priority Order

On the employees' AEO tab:

- Select the “**Priority Order**” AEO type.
- Highlight the new entry and click “**Edit**”
- Set the “**Issue Date**” as per your instruction to make a deduction.
- Enter the “**Deduction Amount**” as per your instruction to make a deduction.
- If you have been supplied with a fixed amount for the employee to repay, tick “**Use Outstanding Balance**” to active the “**Original Amount**” and “**Outstanding Balance**” fields. If left unticked this will be an ongoing deduction.
- Select the “**Agency/Beneficiary**” you have set up.
- Tick “**Admin Fee**” if you wish to charge the employee the allowed £1 administration fee.
- Under “**Protected Earnings Options**” type in the “**Normal**” value to match the specified value for protected earnings as listed on the instruction to make deduction.

Create ' Priority Order '

Options

Issue Date: 06/07/2015

Deduction Amount: 380.00

Original Amount: 5500.00

Outstanding Balance: 5500.00

Use Outstanding Balance:

Year To-date: 0.00

Agency/Beneficiary: Priority Order

BACS Reference:

Admin Fee:

Protected Earnings Options

Normal: 850.00

Brought Forward: 0.00

Deduction Value Brought Forward: 0.00

Save OK Cancel Help

Save these details and continue running payroll as normal. IRIS Payroll will calculate the appropriate deduction based on the value of the deduction up to the protected earnings limit. Any value that cannot be taken due to protected earnings will be saved under "**Deduction Value Brought Forward**". Deductions brought forward will be taken when the normal deduction value can be taken in full and the employee hasn't reached the protected earnings "**Normal**" value.

With each deduction the value in "**Outstanding Balance**" will reduce (updated when you calculate payroll or save variations). Once this reaches zero the attachment will automatically stop.

Non Priority Order

On the employees' AEO tab:

- Select the "**Non Priority Order**" AEO type.
- Highlight the new entry and click "**Edit**"
- Set the "**Issue Date**" as per your instruction to make a deduction.
- Enter the "**Deduction Amount**" as per your instruction to make a deduction.
- If you have been supplied with a fixed amount for the employee to repay, tick "**Use Outstanding Balance**" to active the "**Original Amount**" and "**Outstanding Balance**" fields. If left unticked this will be an ongoing deduction.
- Select the "**Agency/Beneficiary**" you have set up.
- Tick "**Admin Fee**" if you wish to charge the employee the allowed £1 administration fee.
- Under "**Protected Earnings Options**" type in the "**Normal**" value to match the specified value for protected earnings as listed on the instruction to make deduction.

Options

Issue Date: 06/07/2015

Deduction Amount: 950.00

Original Amount: 2750.00

Outstanding Balance: 2750.00

Use Outstanding Balance:

Year To-date: 0.00

Agency/Beneficiary: Non-Priority Order

BACS Reference:

Admin Fee:

Protected Earnings Options

Normal: 975.00

Save OK Cancel Help

Save these details and continue running payroll as normal. IRIS Payroll will calculate the appropriate deduction based on the value of the deduction up to the protected earnings limit. Any value that cannot be taken due to protected earnings will be ignored. With each deduction the value in "**Outstanding Balance**" will reduce (updated when you calculate payroll or save variations). Once this reaches zero the attachment will automatically stop.

Charging the Administration Fee

If you wish to charge the employee the £1 administration fee for processing an attachment, as well as ticking the option as shown above, you also need to add to the employee AEO tab the **“Admin Fee”** type:

ID	Name	Year To-date	Type	Issue Date
16	Council Tax	0.00	Council Tax	06/07/2015
20	Admin Fee	0.00	Admin Fee	
22	CSA 60% PEP	0.00	DEO (CSA) - % PEP	06/07/2015
24	DEA %	0.00	Direct Earnings Attachment - Percentage	06/07/2015
	<None>			

With this option in place, IRIS Payroll will take an additional £1 off the employee per AEO present with the admin fee option ticked:

DEDUCTIONS		
16	Council Tax	1545.00
20	Admin Fee	3.00
22	CSA 60% PEP	2750.00
24	DEA %	886.74