



WAGES

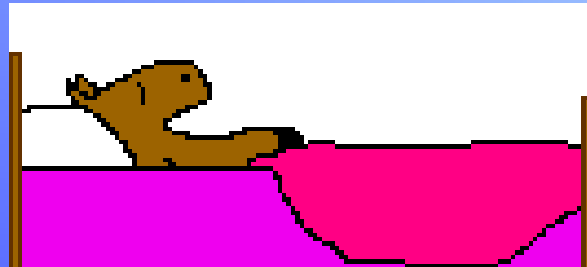


In this unit we will look at

- a standard wage slip
- Tax
- National Insurance
- P45 and P60
- The National Minimum wage



**ALWAYS REMEMBER
IT'S IMPORTANT TO**



GET TO WORK ON TIME!

DATE		EMPLOYER			EMPLOYEE			
15/08/2004		Any Company PLC			A N Other			
DEPARTMENT		N.I. NUMBER		TAX CODE	PAY METHOD		PERIOD	
Packing and Shipping		PD112233R A		474L	BACS		W8	
RATE / HOURS		PAY		DEDUCTIONS		TOTALS TO DATE		
4.93	28.80	Basic	141.98B	Tax	48.71	Total Pay	2137.21	
4.93	23.00	Holiday	113.39B			Taxable Pay	2137.21	
6.57	12.70	Overtime	83.46B	N.I.	27.26	Tax	272.02	
						Tax Credit		
						N.I.Employer	155.01	
						N.I.Employee	180.36	
						SAP	0.00	
						SSP	0.00	
						SMP	0.00	
						SPP	0.00	
HOURS	64.80	TAXABLE PAY	338.83	DEDUCTIONS		75.97	Pension Employer	
		NON-TAXABLE PAY		NET PAY		262.86	0.00	
EMPLOYERS N.I.		TOTAL PAY	338.83				Pension Employee	
							0.00	

This is a typical layout for a payslip

note that the example wage slip is from Aug 2004 & all deductions are relevant to that time

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EMPLOYERS N.I.		TOTAL PAY	338.83				

Here we see the employer's name and your name

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		NON-TAXABLE PAY		NET PAY	262.86	Pension Employer	0.00	
EMPLOYERS N.I.		TOTAL PAY	338.83			Pension Employee	0.00	

This is the department where you work

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EMPLOYERS N.I.		TOTAL PAY	338.83					

This is your national insurance number

WHAT IS NATIONAL INSURANCE?

- National Insurance contributions are payments which most people make towards the National Health Service and to enable them to get entitlement to some social security benefits and state pension.
- For employed earners, contributions are paid as a percentage of income above a certain level. Self-employed people pay a set weekly rate and, if their profits are high enough, a percentage of their income.
- Someone who is unemployed or unable to work through sickness may have contributions credited.



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The Inland Revenue and Department for Work and Pensions (DWP) use your national insurance number (NINO) to identify your contribution and benefit record.

The number always consists of two letters, six numbers and a letter, for example,
 AB 123456 C.

National Insurance is currently 11%, but it doesn't start until you earn at least £94 a week.

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EMPLOYERS N.I.		TOTAL PAY	338.83					

This is your Tax Code

Income Tax

Income Tax is money deducted from your earnings which is paid to the government. The government department in charge of collecting tax is the Inland Revenue

If you work for an employer your tax and National Insurance will be paid automatically. It comes straight out of your wages before you receive them. This is known as Pay As You Earn (PAYE).

Everybody can earn a certain amount (known as the Personal Allowance) before they start paying tax or National Insurance. From April 2007 the personal allowance is **£5,225**. This figure changes yearly.

Normally you pay:

- **10%** on anything you earn between **£5,225** and **£7,455**
- **22%** on anything above this (up to **£34,600**)
- **40%** on anything above **£34,600**

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The number in the tax code is usually three figures. It represents the total of all available allowances, minus any amount to be deducted to cover other income or benefits, and with the last digit removed. The allowance as shown by the number in the tax code is then rounded up.

The letter indicates what kind of tax code it is. In this example L means the Basic Tax allowance.

For example, if your total income is £9,992, of which **£4,895** is not taxable, your code is 489L.

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EMPLOY							
N.I.							

The payment method is BACS
 BACS stands for **B**ankers
Automated **C**learing **S**ystem.
 BACS is an automated service
 operated by banks and building
 societies. It means the money is
 transferred directly from the
 company's account into the
 employee's bank account.

You may also be paid by cash or
 cheque.

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The period is the week of the current tax year. In this case week 8.

