

Understanding your payslip with Iona Bain



Iona Bain

National Numeracy Ambassador

WHAT IS A PAYSリップ AND WHAT SHOULD BE IN IT?

All employees and workers are entitled to an individual, detailed written payslip from their first payday.

Your payslip contains important information, including your payroll number, your gross and net pay, and normally your tax code. It enables you to check you're being paid the right amount, are paying the right amount of tax, and also allows you to check things like your pension contributions and student loan.

Regularly checking your payslip especially if your circumstances have recently changed, will enable you to spot any mistakes - two in five UK adults are on the wrong tax code according to financial firm Canada Life, amounting to £8.2 billion overpaid by British workers every year.

AS MANY AS 40% OF US COULD BE ON THE WRONG TAX CODE. HOW DO YOU KNOW IF YOU'RE ON THE RIGHT ONE?

Your tax code is used by your employer or pension provider to work out how much Income Tax to take from your pay or pension. HMRC will tell your employer which code to use.

1257L is the tax code currently used for most people who have one job or pension. The L means you're entitled to the standard tax-free Personal Allowance, and the numbers refer to the £12,570 of tax free income.

If your tax code starts with a BR, it means all your income is being taxed at the basic rate of 20%. This might be the case if you're working a second job.

M represents your Marriage Allowance, when you've received a transfer of 10% of your partner's Personal Allowance.

S means your income or pension is taxed using the rates in Scotland. C is the letter used for Wales.

If you live in any UK country, you can use the tax code checker on Gov.UK to find out what the numbers and letters in your tax code mean, how much tax you will pay and what you may need to do next. Ensuring you're on the right tax code and paying the right amount of tax is important, and ultimately your responsibility. You must ensure you keep HMRC and your employer up to date with your circumstances to avoid owing money at the end of the financial year.





3 THE TAX CODE INFO IS USUALLY FOUND ON A PAYSリップ - WHAT IF YOU DON'T GET A PAYSリップ?

The right to a payslip or 'wage slip' includes casual staff but not independent contractors or freelancers as those people are responsible for paying their own tax.

It doesn't have to be on paper – it can be sent to you by email or accessed through a website.

If an employee is unable to access their payslips online, their employer should provide them in a different format, like paper copies.

If you've not received a payslip and have already raised the problem informally with your employer, you can raise the problem formally, known as 'raising a grievance'. If that doesn't work you can make a claim to an employment tribunal.

4 THERE'S LOTS OF JARGON ON A PAYSリップ - WHAT EXACTLY DO WE NEED TO LOOK FOR?

62% of employees (nearly two thirds) say they have at one time felt confused about their payslip, according to a survey commissioned by the government. So here's what needs to be on there plus common extras.

It must contain:

- gross pay (before tax, national insurance and other deductions like pension contributions and student loan)
- take-home pay or 'net pay' after deductions
- number of hours worked (if you're on a wage rather than salary).

Extras often included but don't have to be:

- tax code
- national insurance number
- pay rate
- any bonuses, expenses or extras.

Some companies use payroll numbers to identify individuals on the payroll.

The 'tax period' number will represent how far through the tax year we are. So 01 is for an April payslip, 02 for May all the way through to 12 = March, the end of the tax year.