

What's on a payslip

Payslip		Name: Joe Smith		
Joe Smith, 685 Hatfield Road, Hatfield AL8 BK				
Employee No	Tax Code	N.I. Code	Week/ Month	National Insurance No
062	568LR	A	3	KT 66 99 88 D
Gross Pay:		£830 per month (or 10,000 per year)		
Annual Income Tax:		£80 per month		
National Insurance Contribution:		£45 per month		
Pension Contribution:		£45 per month		
Net Pay:		£660 per month (or £7,920 per year)		

INCOME TAX

Compulsory! This is paid to the Inland Revenue (the Government). Amount also based on your income.

GROSS PAY

Your total monthly pay with no deductions taken off.

PENSION SCHEME CONTRIBUTIONS

Optional! This is paid to boost income upon retirement. Amounts vary depending on income and the type of scheme.

NATIONAL INSURANCE CONTRIBUTION

Compulsory! Amount depends on income.

NET PAY

Your total 'take home' pay.

Summary

Joe ends up with £660 paid into his bank account each month for him to use, even though his monthly salary is £830!

So if an employer offers you "£10,000 a year", remember that the total paid into your bank account is likely to be much less in reality (£7,920 in this case!).