Paul Robbins training and consultancy

Bookkeeping Controls

Accounting for Payroll Transactions

Types of Payroll Transactions – Class Exercise

Payroll Transaction	***Description***
Gross Pay	***The amount of money that employees earn before any deductions are made. For most people this would be the salary shown in their contract of employment.***
Net Pay	***The amount of money that is paid to employees after all deductions are made from their wages. This includes both statutory and voluntary deductions.***
Income Tax (PAYE)	***A tax levied on wages and salaries by the government which is collected by employers from their employees and paid over to HM Revenue and Customs.***
Employer's National Insurance Contributions	***This is the contribution that employers have to make towards their employees' state pension and other benefits. It is paid over to HM Revenue and Customs.***
Employees' National Insurance Contributions	***This is the contribution that employees have to make towards their own state pension and other benefits. It is collected by their employers and paid over to HM Revenue and Customs.***
Employer's Pension Contributions	***This is the contribution that employers make towards their employees' company or private pension. It is paid over to the pension fund or pension provider.***
Employees' Pension Contributions	***This is the contribution that employees make towards their own company or private pension. It is collected by the employer and paid over to the pension fund or pension provider.***

Voluntary Deductions from Employee's Pay	***These are deductions that employees authorise to be made from their gross wages (e.g. trade union fees). The money is collected by the employer and paid over to the trade union.***
Student Loan Deductions	***This is where employees repay their student loan through deduction from their gross wages. Money is collected by their employer and paid over to HM Revenue and Customs.***