

# Let's Talk



## Understanding Your Payslip

Your payslip contains important information, including your payroll number, your gross and net pay, and usually your tax code. It's important to understand your payslip and how to make sure you're being paid the right amount. Whether it's your first payslip or if you've been working for years, it's still important to know how your pay is worked out.

Your written payslip doesn't have to be on paper, it can be sent to you by email or accessed through a website.

Remember to check your payslip regularly including checking it shows the same tax code as your latest tax code notice.



# What may be shown on your payslip:

**Your personal information** - your name, and sometimes your home address.

**Your payroll number** - most organisations use payroll numbers to identify individuals.

**Date** - the date your pay should be credited to your bank account.

**Tax period** - the number here represents the tax period for that payslip. For example, if you're paid monthly, 01 = April and 12 = March.

**Your tax code** - your tax code will be sent to you by HM Revenue & Customs (HMRC). The code tells your employer how much tax-free pay you should get before deducting tax from the rest. If the code is wrong, you could end up paying too much or too little tax. So, it's important to check this against your latest tax code notice.

**Your National Insurance number** - you must have a National Insurance number to work in the UK. You have the same NI number throughout your life, even if you change your name. It's your personal number for the entire social security system. It's used to make sure all your contributions are recorded properly and helps to build up your entitlement to benefits, such as your state pension.

**Payments, wages, bonuses, and commission** - this will show how much you've earned in wages before any deductions are made, your gross pay. It might also show how your pay was calculated. For example, your hourly rate and

the number of hours worked. It could also show any extra payments you've earned on top of your basic pay, such as bonuses, commission, or overtime.

**Expenses** - your employer might pay any expenses owed to you via the payroll. Some employers will list each expense payment separately on the payslip. Others combine them to show a taxable or non-taxable amount.

**Deductions** - your payslip must show the amount of variable deductions, such as tax and National Insurance.

**Pensions** - if you're paying towards a workplace pension, the amount you're contributing will be shown. If your employer is contributing too, that amount might also be shown.

**Student loan** - if you're making repayments on a student loan, this will be shown on your payslip. If you're an employee, you'll usually start making student loan repayments from the April following the date you graduate or leave your course. HMRC will tell your employer how to work out and deduct the right amount. Once a year, HMRC tells the Student Loans Company what has been repaid. This means it's a good idea to keep your payslips and P60 as a record of the repayments in case of any problems. Some employers put running totals of tax and deductions on your payslip. These are particularly useful for keeping track of your total student loan repayments.





### **Court orders and child maintenance**

- a court can order deductions directly from your pay. This could be for unpaid fines or for debt repayments to be handed to your creditors. The Child Maintenance Service (CMS) can also ask for a Deduction from Earnings Order for the maintenance of a child. If these orders are made for deductions, the employer can take an extra £1 as an administration fee. Employers often waive the fee. But if they deduct it, it must be shown separately on the payslip with a description

**Sick pay** - what's shown on your payslip will depend on how long you've been ill and your company's sick pay policy. Your employer is liable to pay you Statutory Sick Pay if you're off work sick for four days or more in a row, and you meet certain conditions. Statutory Sick Pay is treated like the wages or salary it replaces. Under your contract, you might be entitled to occupational sick pay, which may be shown as a separate figure.

### **Maternity, paternity, and adoption pay**

- if you're currently getting Statutory Maternity Pay, Statutory Paternity Pay or Statutory Adoption Pay then these will be shown on your payslip. They're all treated in the same way as ordinary earnings for tax and National Insurance.

**Workplace benefits** - if you get workplace benefits, like health insurance or have a company car, then these will be listed on your payslip and can affect your tax code. It might also show repayment of season-ticket loans, cycle-to-work scheme loans and charitable donations (using the give-as-you-earn scheme).

### **Police specific additions and deductions**

- as a Police Officer you may also see payments for working unsociable hours or for the area you work in. You may also get specific deductions for the benevolent fund, federation fees, group insurance or social club fees.

**Summary of the year to date** - your payslip might show how much you have been paid so far in this financial year. A financial year runs from 6 April to 5 April. It might also show totals for how much you've paid in tax, National Insurance, student loans and pensions.

**Net pay** - the total amount of take-home pay after deductions. For many people, the most important figure on their payslip is net pay. It's a good idea to check this against your bank statement to make sure it matches what's paid in.

**Important messages** - some employers use a space on the payslip for important messages. These might give you extra information about your pay or other information they want to share.

**If you have any queries regarding your payslip, its important to inform your payroll department as soon as you can.**



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