

# WHAT YOU SHOULD KNOW ABOUT YOUR PAYSリップ

As an employee, you should receive a payslip every pay period (typically monthly or weekly). It shows you how much you have earned, how much you have paid in tax and the amount of money that you will take home after deductions.

Understanding your payslip is very important, because it will show you whether you are being paid the correct amount each month – which will help you to plan your finances in the long term.

## Knowing the basics

There are a few basic terms that you need to know to understand your payslip. These are universal economic terms and will be used across every industry and employer.

**Gross pay:** the total amount you have earned, which includes bonuses, holiday pay and taxable deductions.

**Net pay:** the total amount actually paid to you after all deductions including Tax, NI and pension contributions.

**Basic pay:** your contracted pay without any overtime payments or bonuses.

**Pay As You Earn (PAYE):** the system by which you pay tax and National Insurance, deducted from your wages by your employer on behalf of HM Revenue & Customs (HMRC).

## What do those numbers mean?

**National Insurance number:** your unique identifier used by HMRC to track your tax and National Insurance payments throughout your life.

(Format: XX 12 34 56 X)

**Tax code:** this indicates how your employer should collect tax on your earnings for HMRC. It should appear on every payslip.

(Format: 1257L)

**PAYE Reference (ERN):** every business that employs people should have one of these. It identifies each individual employer and may be needed for things such as applying for student loans.

(Format: 123/X56789)

**Employee/payroll number:** this number identifies you while you are an employee at a specific company. Not every employer will issue one and it doesn't stay with you when you move to a different company.

(Format: company-specific)

## Understanding your deductions

Want to check that your deductions are correct? You may see any of the following deductions on your payslip.

**National Insurance:** National Insurance Contributions (NIC) deducted from your earnings.

**Tax:** Income tax deducted from your earnings.

**Employers' National Insurance:** This is the NIC that your employer pays based on their employees' earnings. It is not taken out of your earnings, but it may appear on your payslip as it is calculated based on your pay rate.

**Year To Date (YTD):** Your payslip should show you earnings and deductions per pay period and as a total for the year that will include the current month's information.

**Earnings for tax:** The amount of your income that is subject to tax and National Insurance deductions.

## What if my payslip is wrong?

If you think that there has been a mistake in issuing your payslip, speak to your employer. You may have a dedicated accounts team, who may be able to deal with your query quickly.

Make sure that you can identify exactly what you think is wrong on your payslip.

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