

Understanding your first payslip



Just got your first payslip and confused about what it all means?

We can help you work out exactly how much you're being paid

Ever gotten a payslip and been confused about what it all means? Me too. There are so many numbers and codes it can be hard to work out how much money you're actually going to get.

Why do we get them?

A payslip is a document given to you by your employer that shows your pay, deductions and other tax information. Any organisation you work for must give you a payslip. It's good practice to check them and keep them for 6 years. If you receive your payslip electronically, it's a good idea to print or save them.

Things you'll find on a payslip...

Your employer information

This is usually at the top left-hand side of the payslip, where you'll find your employer's details, like their name, logo, and address.

Your personal information

On the middle or right-hand side of the payslip, you'll usually find your name, details and sometimes your address.

Your payroll or employee number

Your employer may use a payroll or employee number to help identify you for payroll purposes. This will usually be shown next to your personal information.

Payment date

This will be when the money will usually arrive in your bank. Payment date can be monthly, weekly and at any date of the month.

Tax period

The tax year starts in April so your payslip might show a tax period. The number here shows the period you're being taxed. So if you're paid monthly, 01 will represent the tax period of April, and 12 will represent the tax period of March.

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Your tax code

Your tax code is given by HM Revenue and Customs (HMRC) and is used by your employer or pension provider to work out how much Income Tax to take from your pay.

Your tax code is made up of several numbers and a letter. The numbers indicate how much tax-free income you get, and the letters have a meaning too. Find out what the letters in your tax code mean on gov.uk. Make sure you're not on an emergency tax code otherwise you'll be taxed more than you need to.

Wk./Mth.	Date	Dept.	P/Method	Tax Code	Employee No.
Mt 3	30-Jun-2020		Monthly	1250L	001

Payslip example showing the date, how often they get paid, tax code and employee number

Your National Insurance number

You receive your unique National Insurance Number (NINO) when you turn 16, and this stays the same throughout your life. You need a National Insurance number to work in the UK.

This number is unique and is used to ensure all your contributions are recorded properly so that you can be entitled to certain state benefits. Visit gov.uk to apply for your national insurance number.

Payments, wages, bonuses and commission

Your payslip will show how much you've earned in wages before any amount is deducted. This is usually called Gross Pay.

Your payslip might also show how your pay is calculated, for example, your hourly rate or the number of hours you've worked. Here you should also see any extra wages, allowances, bonuses or commissions you've received.

Payments

Description	Hours	Rate	Amount
Basic Pay			5.000.00
Total Payments			5.000.00

Payslip showing wages before any deductions

Maternity, paternity and adoption pay

If you receive maternity, paternity and adoption pay, this is usually recorded separately on your payslip.

Expenses

You may see a section called expenses, where your employer will repay work-related expenses through payroll.



Pension

You're automatically enrolled with your employer's pension scheme unless you choose to opt-out. If you're happy to be part of the pension, the amount your employer will contribute (and sometimes the percentage) will show on your payslip.

Deductions

Description	Amount
Income Tax	957.80
National Insurance	421.66
Pension	100.00
Total Deductions	1,479.46

Payslip showing deductions like Income Tax, National Insurance and Pension

Deductions

These are payments taken from your gross pay for things like tax. There's ...

- **Income tax** — This is tax you pay to fund public services like education, health services and policing. The amount you pay depends on your earnings
- **National insurance** — You pay this so that you can be entitled to certain benefits, and it also contributes towards the NHS
- **Pensions** — If you're contributing towards a pension pot, this amount will go towards that
- **Childcare** — This is if you've been given childcare vouchers by your employer
- **Student loan** — Depending on your earnings a deduction will be made to repay this
- **Court orders** — If you've been to court and received a court order, certain payments can be taken directly from your wages. This will appear on your payslip, the amount and type of payment, like debt repayment or unpaid fines

- **Child maintenance** — The Child Maintenance Service (CMS) can also ask for a Deduction from Earnings Order for the maintenance of a child
- **Other deductions** — This could include repayment of a season-ticket loan, cycle-to-work scheme loan or a charitable donation as part of the 'give as you earn' scheme

Net pay

You will then see a figure called "net pay" which will be the pay you will receive after all the deductions.

Taxable pay

This is the amount of your pay, to date in this tax year, that has been subjected to tax. This will usually appear next to your net pay figure.

Checking your payslip is important to make sure you're being paid and taxed correctly. If you're taxed too much, you should contact HMRC. For more advice on your pay you can visit our website.



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