

Lecture 9

Hands-On Payroll

A-Z Practicals





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Let's Calculate

As much as we like to believe that payroll software can solve all our problems – this is not so. We need to know how to calculate a payroll Manually or else we cannot identify any issues that arise or solve any problems or exceptions to the usual run of the mill.





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How is this going to work?

You will be asked a question to answer or calculate. Please write your answer in the chat to me privately. This will give me an idea of where you might have any issues.

After that the answer will be given.



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What can I use?

All resources available. This is not a test in mathematical ability or in memory but in calculating your payroll so you can use all the material that you have available.





Let's start – meet our employees

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Xiang Ling



Jason



Mikaela





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Question 1



Xiang Ling

Xiang Ling has a wage of €35,000 per year.
What is her Gross monthly wage?

€2,916.67





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Question 2



Xiang Ling

Xiang Ling has a wage of €35,000 per year.
What is her Gross weekly wage?

€673.08





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Question 3



Xiang Ling

Xiang Ling was born in 1982

How much is her weekly national insurance payment?

€48.57





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Question 4



Xiang Ling

Xiang Ling was born in 1982. Her wage is €35K per year.

How much will we pay for her Maternity fund in a year?

€75.92



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Question 5



Xiang Ling

Xiang Ling was born in 1982. Her wage is €35K per year. She arrived in Malta on the 1st of January. What is her tax payment for the first 6 months if we use the non resident tax rate.

$$\begin{aligned} &€35,000 * 0.35 = €12,250 \text{ less } €840 = €11,410 \\ &€11,410 / 12 = €950.83 * 6 = €5,705 \end{aligned}$$



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Question 6



Jason

Jason started working with us in March. He got his FS3 from his previous employment. It states that he earned €3,000 for January and February bonuses included and paid €250. He pays Married Tax Rates. Did he pay the right amount? He overpaid by €117 (€133)



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Question 7



Jason

Jason will be earning €2000 per month Gross inclusive of Government Bonuses. How much would he have paid had he earned that for a full year? (Married rate)

€1,975





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Question 8



Jason

If Jason has to pay €1,975 during 2021, how much would be his monthly rate?

€164.58





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Question 9



Jason

Since he is going to earn €23,000 this year how much is his total tax payment?

€1,725



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Question 10



Jason

Considering his overpayment of €117 and that he needs to pay €1,725 of taxes in year, how much tax will he be paying in March?

€26.75 ($€1725/12=€143.75$ less €117)





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Question 11



Jason

Jason would like to take a week off from work in May from his vacation leave. We only allow paid leave that is accumulated till the salary before. How much paid leave can Jason take?

36 hours





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Question 12



Mikaela

Mikaela was born in 1995. She earns €325 per week. How much is her yearly gross wage?

€16,900





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Question 13



Mikaela

If out of €16,900 we use the maximum possible to divide into Basic and car cash allowance how would that look like?

$$€16,900 - €2,340 = €14,560 \text{ Basic}$$



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Question 14



Mikaela

If her basic is €14,560 and her gross €16,900, how much NI will she be paying on a monthly basis?

$€14,560 / 52 = €280$ per week
@ 10% = €28 per week





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Question 15



Mikaela

If her basic is €14,560 and her gross €16,900, how much MF will we be paying

$€14,560 / 52 = €280$ per week
@ 0.30% = €0.84 per week





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Question 16



Mikaela

Mikaela starting working with us on the 1st November 2020. How much is her March bonus?

$$€121.16 / 6 = €20.19 * 5 = €100.97$$





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Question 17



Mikaela

Due to schools being closed, Mikaela decided that from April she would like to reduce her hours of work. Are we obliged to accept?

No



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Question 18



Mikaela

Since we are very understanding employers we decide to allow this and she will be reducing her hours to 30 per week. What is her new monthly Gross wage? (Her full is of €16,900)

$$\begin{aligned} \text{€}16,900 / 52 \text{ weeks} &= \text{€} 325.00 \\ \text{€}325.00 / 40 \text{ hours} &= \text{€}8.13 * 30 \\ &= \text{€}243.75 \end{aligned}$$

$$\text{€}243.75 * 52 / 12 = \text{€}1,056.25$$



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Question 19



Mikaela

Her new salary is now €1,056.25 and we decide to keep her full car cash allowance. What is her new basic?

$$€1,056.25 - €195 = €861.25$$





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Question 20



Mikaela

If her monthly wage is of €861.25 how much National Insurance will she be paying?

€198.75 per week which is €19.88 NI per week





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Question 21



Mikaela

At €198.75 per week how much is our maternity fund?

€198.75 @ €0.3% = €0.60 per week





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Question 22



Mikaela

What will her Bonus be in June?

January February & March @ full
(€135.10 / 6 * 3 = €67.55)

April, May & June @ reduced
(30 hours * €67.55 / 40 = €50.66)

Total €118.21





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Question 23



Jason

Jason was sick in April and he took 5 consecutive days of leave. How much sick benefit will we deduct from his wage?

$$€21.64 * 2 = €43.28$$



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Question 24



Xiang Ling

Xiang Ling wage is €35K per year. She arrived in Malta on the 1st of January. She paid 6 months of Non Res tax rate of €5,705 till June. In July we changed her tax to Single Rate. What should be her total payment for the year?

€6,025





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Question 25 – Bonus question



Xiang Ling

Xiang Ling wage is €35K per year. At Single Rate she needs to pay €6,025 But she has already paid €5,705 till June. Can you tell me when she will start paying tax again?

In December



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Question 26 – Bonus question



Xiang Ling

How much will she pay in December?

€320



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Questions?

