

AWARD IN PAYROLL FUNDAMENTALS

Lecture 09: Hands-On: Payroll Practicals

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National Insurance Contributions (2024)

Class 1 Employed Persons		Basic Weekly Wage to €	Weekly NI Contributions (Employee)	Weekly NI Contributions (Employer)	Weekly Maternity Leave Contribution (Employer)
Category	Age				
A	< 18 years	213.54	€6.62	€6.62	€0.20
B	18+ years	213.54	€21.35 (or 10%)	€21.35	€0.64
C	Born <1962	423.07	10%	10%	0.3%
C2	Born 1962+	532.28	10%	10%	0.3%
D	Born <1962	>423.08	€42.31	€42.31	€1.27
D2	Born 1962+	>532.29	€53.23	€53.23	€1.60
E	< 18 years		10% (max. €4.38)	10% (max. €4.38)	0.3% (max. €0.13)
F	18+ years		10% (max. €7.94)	10% (max. €7.94)	0.3% (max. €0.24)



Tax Rates

Tax Rate (Marginal)	SINGLE		PARENT		MARRIED	
	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate
0%	9,100	0	10,500	0	12,700	0
15%	14,500	1,365	15,800	1,575	21,200	1,905
25%	19,500	2,815	21,200	3,155	28,700	4,025
25%	60,000	2,725	60,000	3,050	60,000	3,905
35%	60,001+	8,725	60,001+	9,050	60,001+	9,905

Tax Rates – A mathematical quandary ?!

ANNUAL EARNINGS	25,000
TAX RATES	SINGLE

**Difference
of € 90**

USING THE TAX TABLE:	
FALLS UNDER TIER 4	
25,000 X 25%	6,250
LESS 2,725	6,250 - 2,725
ANNUAL TAX DUE	3,525

USING THE PROGRESSIVE METHOD:	
0 - 9100 @ 0%	-
9,100 - 14,500 = 5,400 @ 15%	810
14,500 - 19,500 = 5,000 @ 25%	1,250
19,500 - 25,000 = 5,500 @ 25%	1,375
SUM TOTAL	3,435



Higher Incomes – Higher Tax Differential

- Single Rate - € 90
- Parental Rates - € 105
- Married Rates - €120

- Rationale – Introduced for Basic Year 2016, to give an additional tax deduction to lower income groups



Paying higher tax than actual earnings

TAX CALCULATIONS	
ANNUAL EARNINGS	19,550
TAX RATES	SINGLE
USING THE TAX TABLE:	
FALLS UNDER TIER 4	
19,550 X 25%	4,888
LESS 2,725	4,888 - 2,725
ANNUAL TAX DUE	2,163
USING THE PROGRESSIVE METHOD:	
0 - 9100 @ 0%	-
9,100 - 14,500 = 5,400 @ 15%	810
14,500 - 19,500 = 5,000 @ 25%	1,250
19,500 - 19,550 = 50 @ 25%	13
SUM TOTAL	2,073
VARIANCE	91

- Someone who earns €50 above the €19,500 threshold...
- Pays €91 more in tax
- Addressed for Basic Year 2025 with new thresholds – going back to 2012 tiers



How to Calculate Payroll

Myth - A payroll software can solve all our problems, at the touch of a button!!

We have to know how to calculate a payroll manually, using a pen, paper and a calculator.

We would not be able to identify any issues that arise or solve any problems or exceptions to the standard run.

One minor change or adjustment will create a different payslip.



Working out the answers.....

Different slides will present varying scenarios.
Please calculate.

The answer will then be given.

Whoever has a different answer is requested to
point it out.

We can work it together.



What resources can I use ?

All resources available.

This is not a maths test, nor a memory test.

And, no extra points or rewards will be given.



Welcome to our Employees



Question 1



Clarissa has a wage of €37,500 per year.

What is her Gross monthly wage?

€3,125.00



Question 2



Clarissa has a salary of €37,500 per year.

What is her Gross weekly wage?

€721.15



Question 3



Clarissa was born in 1992.

How much is her weekly national insurance payment?

€53.23 – Category D2



Question 4



- Clarissa was born in 1992. Her salary is €37,500 per year.
- How much will be the annual Maternity fund payable?

€83.20

€1.60 x 52 weeks



Question 5



- Clarissa was born in 1992. Her annual salary is €37,500. She started working 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.

€6,143

$$\text{€}37,500 * 0.35 = \text{€}13,125 \text{ less } \text{€}840 = \text{€}12,285$$

$$\text{€}12,285 / 12 = \text{€}1,023.75 * 6 = \text{€}6,143$$



Question 6



Paul started working with his employer in March. He has his FS3 from his previous employment.

It shows gross earnings of €3,000 for January and February (bonuses included) and paid €250 in FSS.

He pays Married Tax Rates. Did he pay the right amount?

He overpaid by €117 (€250 - €133)



Question 6 - Workings



€3,000 Earnings in Jan & Feb, including
Gross Salary = €2,914.59

[Bonus = €512.46 / 6 = €85.41]

Annualise Earnings = €2,914.59 x 12 =
€17,487.54

Add annual bonus €512.46 = €18,000

FSS (Married Rates): €18,000 x 15% =
€2,700 - €1,905 = €795

€795 / 12 x 2 = €133

Question 7



Paul will be earning €2,000 per month Gross (inclusive of Government Bonuses).

How much would he pay in FSS had he earned that for a full year? (Married rate)

€1,975

€24,000 x 25% - €4,025



Question 8



If Paul has to pay FSS €1,975 during 2024, how much would be his monthly tax deduction?

€164.58 meaning €165



Question 9



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

€1,725

€23,000 x 25% - €4,025

[€3,000 + €20,000]



Question 10



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?

€24.00

Total Tax Jan-Mar: €274.00
less €250 already paid

See next slide !



Question 10



MONTH	MONTHLY EARNINGS GROSS	CUMUL EARNINGS	MONTH NO	ANNUALISE D GROSS EARNINGS	TAX (MARRIED)	TAX PARAMETERS (DEDUCT)	TAX DUE ANNUALISED	TAX TO DATE TO MONTH	TAX PAID PER MONTH	CUMULATIVE TAX PAID TO DATE
JAN	1500	1500	1	18,000	15%	1,905	795	67	125	125
FEB	1500	3000	2	18,000	15%	1,905	795	133	125	250
MAR	2000	5000	3	20,000	15%	1,905	1,095	274	24	274
APR	2000	7000	4	21,000	15%	1,905	1,245	415	141	415
MAY	2000	9000	5	21,600	25%	4,025	1,375	573	158	573
JUN	2000	11000	6	22,000	25%	4,025	1,475	738	165	738
JUL	2000	13000	7	22,286	25%	4,025	1,546	903	165	903
AUG	2000	15000	8	22,500	25%	4,025	1,600	1,067	164	1,067
SEP	2000	17000	9	22,667	25%	4,025	1,642	1,232	165	1,232
OCT	2000	19000	10	22,800	25%	4,025	1,675	1,396	164	1,396
NOV	2000	21000	11	22,909	25%	4,025	1,702	1,561	165	1,561
DEC	2000	23000	12	23,000	25%	4,025	1,725	1,725	164	1,725
ANNUAL	23000									1,725



Question 11



Paul would like to take a week off from work in May from his vacation leave.

The employer only allows paid leave that is accumulated up to the current month.

How much paid leave can Paul take?

52 hours

$[240 \text{ hours} / 12 = 20 \text{ hours/month}]$

$20 \times 3 \text{ months} = 60 \text{ hours}$



Question 12



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

€16,900



Question 13



If out of €16,900, the maximum possible car cash allowance is taken, what would the Basic Gross annual Salary be?

$€16,900 - €2,340 = €14,560$ Basic



Question 14



If Nicole's basic salary per annum 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

4 Mondays - €112.00

5 Mondays - €140.00



Question 15



If Nicole's basic annual gross salary is €14,560 and her gross €16,900, how much Maternity Fund contributions will the employer be paying?

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



Question 16



Nicole starting working with the employer on the 1st November 2023. How much was her March 2024 bonus (weekly allowance)?

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



Question 17



Due to schools being unforeseeably closed, Nicole decided that from April she would like to reduce her hours of work.

Is the Employer obliged to accept?

No



Question 18



Since her employer is considerate and understanding, they decide to accept this request and she will be reducing her hours to 30 per week.

What is Nicole's new monthly Gross salary? (Her full is of €16,900)

$$€16,900 / 52 \text{ weeks} = € 325.00$$

$$€325.00 / 40 \text{ hours} = €8.13 * 30 = €243.75$$

$$€243.75 * 52 / 12 = €1,056.25$$



Question 19



Her new salary is now €1,056.25 and the employer decided to keep her full car cash allowance.

What is her new basic?

$$€1,056.25 - €195 = €861.25$$



Question 20



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

Gross Basic Weekly - €198.75 per week

NI - €19.88 per week

Falls under Category B

May choose to pay €21.35 per week



Question 21



At €198.75 per week how much is the weekly Maternity Fund contribution?

€0.64 per week
Category B
Paid by Employer



Question 22



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



Question 23



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

$$€24.56 * 2 = €49.12$$

Married Rates

