



# THE FISER GROUP

INTRODUCTION TO PAYE



## SUMMARY

The PAYE system is a method of paying income tax and National Insurance contributions.

Your employer (in this case The FISER Group, operating as BRUIN Financial or IBAM Consulting) deducts tax and National Insurance contributions from your wages.

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## INCOME TAX

HMRC assigns you a tax code which includes your personal allowance and deductions and anything particular to your circumstances, e.g. adjustments to tax from previous years. The code reflects liability to lower or higher rates of tax and can also take into account any other sources of income you might have, such as rental profits. In this way, HMRC attempts to collect the total income tax due you in a tax year. For further guidance, go to <https://www.gov.uk/tax-codes>.

The FISER Group cannot amend your tax code. If you believe your code is wrong you must contact HMRC to have it changed. HMRC will then contact FISER with a new code to use. Under the PAYE system it is FISER's responsibility to deduct income tax from your pay at the time of payment and to report this to HMRC. However, you are still responsible for your own overall tax payments through the self-assessment system, which you will be familiar with if you previously provided your services through a personal services company, as this is how you would have declared dividend payments and other items.

Income tax is charged at different rates on bands of taxable income. For further information and for the latest rates see <https://www.gov.uk/income-tax-rates>.



## NATIONAL INSURANCE (NI)

NI is a system of contributions paid by workers, used primarily to qualify for certain benefits and State Pension. It is not an annualised system like Income Tax but is a calculation on a weekly basis, on earnings between a certain threshold per week.

There are 2 types of NI, employer's and employee's:

- Employee NI is deducted from your pay on your payslip and is calculated at different rates which can be viewed at <https://www.gov.uk/national-insurance/how-much-you-pay>.
- Employer NI is paid directly by FISER to HMRC at rates which can be viewed at <https://www.gov.uk/national-insurance-rates-letters>

Whilst you will not see employer NI on your payslip, it will have been taken into account when setting your basic pay rate as it forms a significant part of the overall cost of engaging you as a contractor.

## PENSION

Under mandatory legislation, most PAYE workers must be automatically enrolled to a workplace pension scheme set up by FISER, run by The People's Pension. This commences 12 weeks after the start of your assignment after which time pension contributions must be made.

Minimum contributions are 3% from FISER and 5% from yourself based on qualifying earnings, which is your taxable pay between a lower and an upper threshold, details of which can be viewed at <https://www.thepensionsregulator.gov.uk/en/employers/new-employers/im-an-employer-who-has-to-provide-a-pension/declare-your-compliance/ongoing-duties-for-employers-/earnings-thresholds>.

You have the right to opt out of the pension scheme, however you must be enrolled before opting out. If you contact the pension provider before this time, they will be unable to accept your instruction. Once you are enrolled, you will be sent a joining pack which includes opt out information. If you choose to leave the pension scheme more than 30 days after being auto-enrolled, contributions made up to that date are non-refundable.

Your 5% pension contributions are shown as a deduction on your payslip. The employer contributions are not shown on your payslip and are paid directly by FISER to The People's Pension.

## **HOLIDAY**

The European Working Time Regulations ensure that a PAYE contractor is entitled to 28 days paid leave per leave year (which equates to 0.12 days per week or 12.07% of your basic pay), inclusive of public holidays.

The purpose of the Working Time Regulations is to ensure that workers take holiday for their health and safety and they receive remuneration when doing so. Consequently holiday pay must be shown as a separate entry on the worker's payslip and cannot be included within their pay rate.

As a contractor you will accrue 0.12 weeks of holiday pay per week worked, and any accrued days or holiday taken will be displayed on your payslips as "Annual Leave (Weeks) Due / Taken".

## YOUR PAYSリップ EXPLAINED

This figure represents holiday pay that has been requested for this week. It is calculated using an average of your working patterns and the unit reflects your usual pay format (ie hourly or daily).

This is the amount of holiday pay in GBP that you will receive this week.



DESCRIPTION	TIME	RATE	AMOUNT	DEDUCTIONS	AMOUNT
08/03 Holiday Pay	6.89	41.98	289.24	National Insurance	104.72
08/03 (End Client Name)	27.00	41.98	1133.46	PAYE Tax	236.80
				Employee Pension Contribution	33.76
				ADDITIONS	AMOUNT
				This figure indicates your pension contributions in GBP. Employer contributions are not shown on your payslip and are paid directly by FISER to The People's Pension.	
<b>GROSS</b>	1422.70	<b>ADDITIONS</b>	0.00	<b>DEDUCTIONS</b>	375.28
				<b>NET DUE</b>	1047.42

Reference	XXXX - XXXX , XXXX	Gross Year To Date	41594.86
Tax Code	XXXX	Tax Year To Date	5978.20
NI Number	XX-XX-XX-XX-X	Tax Week	49
NI Code	A	Free Pay	11703.16
Annual Leave (Weeks) Due	0.41	Week-ending Date	08/03/2020
		Payment Date	13/03/2020
		Method of Payment	BACS
		Taken	2.49

This figure indicates holiday pay that has been accrued, but not used (ie your remaining balance). It has already accounted for the holiday pay requested for this week. This unit is in weeks.

This figure represents holiday pay that has already been claimed. It includes holiday pay requested for this week and the unit is in weeks.

## GENERAL FAQs

### *HOW DO I CONTACT HMRC ABOUT MY TAX?*

- FISER's Tax reference is: 663/ WA47778. HMRC can be contacted on: 0300 200 3300. Remember to quote your National Insurance number when making any inquiries to the Inland Revenue.

### *I DO NOT HAVE A NATIONAL INSURANCE NUMBER; WILL THIS AFFECT MY TAX?*

- National Insurance is completely separate from tax and will therefore not affect your tax payments. To obtain a National Insurance number, please contact your local Job Centre Plus to arrange an appointment.

### *HOW DO STATUTORY PAYMENTS APPLY?*

- As a PAYE worker you are entitled to statutory payments if appropriate, such as SSP, SMP, SPP etc. Information on these is widely available on gov.uk. FISER is also obliged to make Attachment of Earnings deductions if instructed to do so by a Court, e.g. for legal fines or child support payments.

### *WHAT IF I HAVE A DIFFERENT QUERY ABOUT MY PAYRATE?*

- Please contact your normal point of contact at The FISER Group. Queries relating to your tax code should go to HMRC as described above, not to FISER. If you have any queries on your actual pay, please contact [accounts@thefisergroup.com](mailto:accounts@thefisergroup.com) or call on 020 3145 3342.



## HOLIDAY PAY FAQ

### *WHAT DOES 'ACCRUED MEAN'?*

- 'Accrued' pay or holiday is pay or holiday that is "banked", or accumulated. FISER are required to retain this on your behalf, but it remains your money to claim.

### *CAN I OPT OUT OF ACCRUED HOLIDAY PAY AND HAVE IT ADDED STRAIGHT TO MY PAYSリップ?*

- No – this is known as 'rolled-up holiday pay' and illegal. The Working Time Regulations were introduced after a ruling made by the European Court of Justice and it is a legal requirement in the UK for holiday pay to be a separate entry on your payslip.

### *WHEN DO I GET PAID FOR HOLIDAY?*

- Holiday pay is paid either:
  - When you take time off and request payment
  - At the end of your contract if you have not taken all your holiday

### *HOW MUCH HOLIDAY CAN I TAKE?*

- The maximum holiday that can be accrued is 5.6 weeks and from this you can elect to be paid for public holidays (e.g. Christmas) and other holidays. Any holiday taken on top of this would be unpaid. Untaken holiday is carried forward for 1 year before it is lost.

### *HOW DO I REQUEST HOLIDAY?*

- You can request holiday pay by filling in the right hand columns on your timesheet and ticking the box in the far right hand column, or by requesting holiday pay by email.

## HOLIDAY PAY FAQ

### *HOW IS A DAY OF HOLIDAY CALCULATED?*

- Your hours and pay rate may vary during your contract, and the legislation states that an average of your hours and earnings over the most recent 52 week period is taken to determine your holiday pay. So if you work variable hours each week, or your rate changes this will be reflected in your holiday pay. This is why 1 day of holiday may not be the same unit of time in every payslip.

### *WHAT ELSE COULD CHANGE MY HOLIDAY RATE?*

- The Agency Workers Regulation (AWR) states that temporary workers are entitled to the same benefits and rights as a full time employee. Therefore if the end client company that you are contracting with gives their employees more than 28 days as standard, you could be entitled to more holiday pay. In these cases the additional holiday is paid each payslip and is shown as 'AWR Enhanced Holiday Pay'.

This might come into effect either from day 1 of your assignment or after 12 weeks, depending on your contract and the company you are contracting with. Your consultant will advise you if this is applicable in your case.

### *WHAT DO I DO IF I THINK MY HOLIDAY PAY IS INCORRECT?*

- Please let us know if you have any queries, alternatively you can refer to the gov.uk website to calculate your holiday entitlement: [www.gov.uk/calculate-your-holiday-entitlement](https://www.gov.uk/calculate-your-holiday-entitlement)