

Employers For Childcare Trading

Payroll help notes

For Salary Sacrifice Childcare Vouchers:

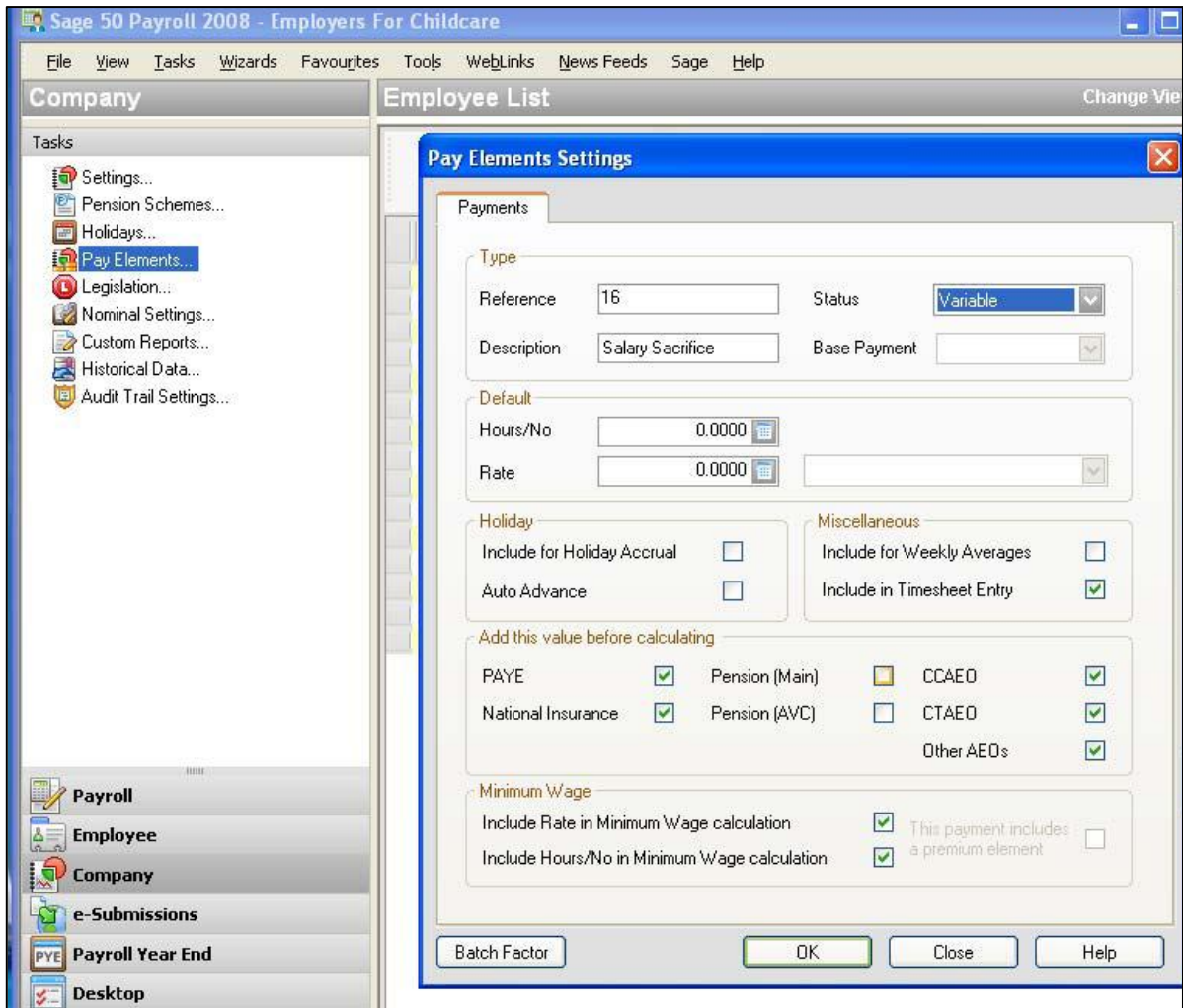
If you wish to show the Childcare Voucher amount sacrificed by the employee on a payslip, it must be shown as a Negative Allowance on the Income side and **NOT** as a Deduction.

You will need to set up a Pay Element for salary sacrifice/Childcare Vouchers and attach this to the employee record. Note: Some payroll packages will only allow you to enter the negative allowance figure when processing the salary.

The Pay Element should be set up using the example in the screen-shot on the following page as a guide - this means the salary sacrifice is applied prior to any deductions to the employees' salary but the full gross amount will be taken into consideration for the purposes of pension calculation.

You will see the savings in the reduced Tax & NIC contributions.

Please refer to the Payroll slip examples (page 3), and the Sage Line 50 payroll help notes (page 5) for guidance.



Payroll Slip Examples

Payroll Slip Without Salary Sacrifice

Ref.	Employee Name	Process Date	N.I. Number
27	Mr. C Scott	30/04/2008	JB454678B

Payments	Units	Rate	Amount	Deductions	Amount
Salary	1.00	1500.0000	1500.00	PAYE Tax	209.20
				National Insurance	115.17

Holidays Taken:	0.0	Remaining:	0.0
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Stationery & Computer Mart UK Tax Period: 1 Tax Code: 543L Department: Payment Method: BACS Payment Period: Monthly	This Period	Year To date		
	Total Gross Pay	1500.00	Total Gross Pay TD	1500.00
	Gross for Tax	1500.00	Gross for Tax TD	1500.00
	Earnings for NI	1498.00	Tax paid TD	209.20
			Earnings For NI TD	1498.00
		National Insurance TD	115.17	

Net Pay	1175.63
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Payroll Slip With Salary Sacrifice

Ref.	Employee Name	Process Date	N.I. Number
27	Mr. C Scott	30/04/2008	JB454678B

Payments	Units	Rate	Amount	Deductions	Amount
Salary	1.00	1500.0000	1500.00	PAYE Tax	160.60
Salary Sacrifice	1.00	-243.0000	-243.00	National Insurance	88.33

Holidays: Taken: 0.0	Remaining: 0.0
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Stationery & Computer Mart UK Tax Period: 1 Tax Code: 543L Department: Payment Method: BACS Payment Period: Monthly	This Period	Year To date		
	Total Gross Pay	1257.00	Total Gross Pay TD	1257.00
	Gross for Tax	1257.00	Gross for Tax TD	1257.00
	Earnings for NI	1254.00	Tax paid TD	160.60
			Earnings For NI TD	1254.00
		National Insurance TD	88.33	

Net Pay	1008.07
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Sage Line 50 Payroll guidelines

Note that this is for guidance only, and provides an example of the process that can be used by organisations using Sage Line 50 to administer their payroll.

- Go to: Company
- Go to: Pay Elements
- Click on 'Deductions' tab at top of box
- Click 'New'
- Ensure 'Status' is 'Variable' and enter description of 'Childcare Vouchers'
- Under heading 'Deduct this value before calculating' ensure only 'PAYE' and 'National Insurance' are ticked
- Keep 'Include in minimum wage calculation' boxes ticked and ensure that 'Clear to date at year end' is ticked at the bottom of the screen
- Click 'OK'
- Return to 'Payroll'
- Go to: Enter Payments
- Click on 'Deductions' tab at top of box
- Click on 'Add Deduction' and select 'Childcare Vouchers' from drop down box
- Ensure 'Tax' and 'NI' are both set to 'Pre' (meaning they are deducted before Tax and NI is applied)
- Enter 'Default Hours' as '1' and enter the amount the employee wished to sacrifice in the 'Default Rate' box (Max £243.00 unless backdating)
- Click back to 'Payment' tab and continue to enter wages as normal