

Calculating taxable income and take home pay for 2013/14 for people who are taxed under PAYE

12.2.2.51

Extent: England, Wales, Scotland and N Ireland

March 2013

This calculation sheet does not apply to payments into a personal pension or a retirement annuity, income from a trust, venture capital, estate income or self-employed income.

Income from savings is not included because it is assumed that tax has already been paid.

This calculation sheet should only be used when calculating the take home pay on the client's sole or main source of earned income, either from employment or a pension. **It does not include tax underpaid or overpaid.**

The calculation will give in **Box N** an estimate of take home pay.

<p>Total taxable income</p> <p>Income from employment Box A <input type="text"/></p> <p><i>(enter gross annual amount)</i></p> <p>If client pays into an occupational pension scheme, deduct annual contribution Box B <input type="text"/></p> <p>Annual taxable pay (Box A minus Box B) <input type="text"/></p> <p>Pension received - occupational or private <i>(only enter gross annual amount)</i> <input type="text"/></p> <p>Benefits in kind from employer <i>(for example, a company car. See 12.2.2.56. Taxation of benefits in kind)</i> <input type="text"/></p> <p>Taxable state benefits <input type="text"/></p> <p><i>(RP, JSA, IB, ESA, enter gross annual amounts. See 12.2.2.0. Tax exempt and taxable income)</i></p> <p>Total taxable income Box C <input type="text"/></p> <p>Allowances</p> <p>Personal allowance Box D <input type="text"/></p> <p>Blind person's allowance <i>(these allowances are given by deduction from income. See 12.2.2.2. Income tax allowances)</i></p> <p>Box C minus Box D gives</p> <p>Taxable income Box E <input type="text"/></p>	<p>The amount in Box E is taxed in the following way</p> <p>Tax payable</p> <p>£0 - £32,010 @ 20% <input type="text"/></p> <p>£32,011 - £150,000 @ 40% <input type="text"/></p> <p>Over £150,000 @ 45% <input type="text"/></p> <p>Total tax payable Box F <input type="text"/></p> <p>Less:</p> <p>Married couple's allowance @ 10% <i>(only available if either spouse or civil partner born before 6 April 1935. See 12.2.2.2. Income tax allowances)</i></p> <p>Box F minus Box G gives</p> <p>Annual tax payable Box H <input type="text"/></p>
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How to calculate take home pay

Step 1

Calculate monthly pay (**Box A** divided by 12)

Box J

Step 2

Calculate tax per month (**Box H** divided by 12)

Box K

Step 3

Calculate monthly national insurance in the following way on the pay in **Box J**

(See 12.11.0.12. National insurance contribution rates and earnings limits)

National insurance (monthly)

Contracted in - £0 to £646.00 @ 0%

£646.01 to £3,454.00 @ 12%

over £3,454.00 @ 2%

Contracted out - £0 to £646.00 @ 0%

£646.01 to £3,337.00 @ 10.6%

£3,337.01 to £3,454.00 @ 12%

over £3,454.00 @ 2%

National insurance contributions due

Box L

Step 4 Deductions from gross monthly pay

Tax (**Box K**)

NI contributions (**Box L**)

Contributions to an occupational pension
(**Box B** divided by 12)

Union subscriptions

Other (eg payroll giving, loan from employer)

Total deductions

Box M

Monthly take home pay Box J minus Box M gives

Box N