INCOME

**KEYWORDS**

**Income –** This is all the money received over a period of time**.** There are a variety of types and sources. Some source of Income includes wages, pensions, child benefit, Jobseekers allowance, Dividends on shares, Interest on savings and Benefit in Kind

**Benefit in Kind (BIK)**- This is when an individual

receive goods or service instead of cash. Then item has

the same money value for example health insurance.They

are allow known as perks or fringe benefits

**Regular Income** – These are source of finance are

received on regular basis (Every month/wee) for example

Wages, salaries and Child benefit

**Irregular Income** - This type of income is unpredictable

and is not received every week or month for example

Overtime

**Gross Pay** -This is the employees paid before any

deductions. It is basis pay plus any extra income for

example overtime (Basic Pay + OT + Bonuses)

**Net Pay -**This is also known as take home pay. It is the

money left after deduction are taken away from Gross Pay

(Gross pay – Deductions)

**Statutory Deduction** -These are compulsory deduction and must be paid by law. This money is paid to the Government to run the Country. For Example, PAYE

**Voluntary Deductions** - These are deduction that are not compulsory, and the employee will choose to pay them for example Union fees and VHI

**Disposal Income** - This is the money that the employee

has left over after all income tax and compulsory payment

have been paid.

**Discretionary Income** - This is the money that an

employee has left over after all taxes and essential s

pending has been paid

**INCOME FROM EMPLOYMENT**

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**SELF-TEST QUESTIONSONS**

1. List the main source of income for a household

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3. Define the term BIK and explain why tax are paid

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NOTE - You must also be able to

Calculate and interpret a wage slip

Prepare a house-hold budget

**Discretionary Income** **Def** This is the money that an employee has left over after all taxes and essential spending has been paid