

Tax  
(1.11 - Interpret a wage slip)



1. This is a compulsory payment to *Government*.
2. It is charged on income, business profits or added to the cost of goods and services.

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Tax Liability  
(1.11 - Interpret a wage slip)



1. This means that a certain amount of money must be paid to the *Government*.
2. It is the responsibility of each person to make sure that they pay the correct tax.

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Tax Avoidance  
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This is a legal way of reducing the amount of tax that you must pay.

For example, you can claim tax credits which will reduce your tax bill

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Tax Evasion  
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1. This is illegal and usually happens when people fail to declare some or all their tax.
2. Those found guilty will pay interest and penalties or may go to jail.

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Tax Rate  
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1. This is a percentage of tax that is levied on your income.
2. There are 2 rates - 1. Standard rate of 20% and a higher rate of 40%

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Standard Rate Cut Off Point  
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1. This is also known as SRCOP.
2. This is a document that is sent by revenue that show how much will be taxed at the SRCOP and how much will be taxed at the higher rate cut off point

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Tax credit  
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1. This is the amount by which your tax bill will be reduce by.
2. Your Tax credit are sent by revenue and are different depending on the person circumstances

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Gross Pay  
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1. This is the amount of pay before any deductions
2. It is calculated by adding Basis pay + Overtime + Commission + Bonus

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Net Pay  
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1. This is *Gross Pay* less any Deductions.
2. It is also known as Take home pay
3. If is calculate by taking deductions (Statutory + Voluntary away form *Gross Pay*

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Deductions  
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Statutory Deductions  
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Statutory Deduction - these must be paid and are sent to Revenue (PAYE, PRSI and USC)

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Voluntary Deductions  
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Voluntary Deduction - these are deduction that the employee chooses (VHI Savings, Pension)

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