tandem

A guide to our pay slip requirements

Sample Company plc ①

Employee no.	Employee ②	Payment date	Tax period	Tax Code	National insurance no.	Annual salary
123456 ⑦	John Michael Smith	28.03.2017 ③	12	1250L ⑧	AB 12 34 56 C	£35,196.00

Payments	Amount
Basic pay	2,933.00
Car allowance	458.00
Overtime	104.00
Bonus	1,310.23 ④

Deductions ⑨	Amount
Income tax	728.31
National insurance	385.56
Company pension	147.00
Childcare vouchers	100.00
Student loan	279.29

Totals for this period	
Total payments	4,805.23
Total deductions	1,640.17
Net pay	**3,165.06**

Totals YTD	
Taxable gross pay ⑤	29,286.23
Income tax	5,857.25
National insurance	3,786.32

⑥

① Must show an employer's name. Salary must be paid directly into the customer's bank account and employer's name shown on entry.

② Name must match the name on the application.

③ Must show pay date or tax period and must be consecutive and dated within the last 60 days.

④ We use regular bonus, commission and overtime when calculating the net YTD pay. Please note for monthly/ 4 weekly we always use the lowest figure from the average of the last 3 payslips or the monthly figure from the YTD (see 5). Where there is weekly/fortnightly pay, use an average of the last 4 payslips only.
An exception could be made to the YTD figures where a pay rise can be proven or where full employment has not been in place for the full tax year. Please see packaging guide for full breakdown of acceptable reasons.
A P60 or previous payslip may be required to rationale consistency of net pay for I&E purposes.

⑤ Taxable gross pay is the amount of pay you need to pay tax on. This is your gross pay minus any elements that you do not have to pay tax on.

⑥ Online payslips are acceptable. We can't accept handwritten or amended payslips.

⑦ If low employee number please check with Companies House if listed as a Director.

⑧ A tax code represents the tax-free part of an employee's income assigned by the tax authorities for use by employers in calculating the tax to be deducted. You are looking for anomalies, please see tax code crib sheet. A normal tax code would be 1250L.

⑨ These are separate deductions from your income and paid to the individual sector, for example Tax would be deducted and paid to the HMRC.

All figures are for illustration purposes only

Income Calculation

Primary Income (We'll use 100%)	Secondary Income (We'll use 100%)
• Amounts are regular, consistent and not a short-term trend • If there's a difference in the amounts on the payslips and the YTD figure, please explain when submitting the application	• Amounts are regular but consistent • Please calculate in the same way as primary income

Monthly – Minimum 3 consecutive payslips, with the latest being not more than 60 days old at application. For income use the lower of an average of the last 3 payslips or the net YTD average income.

How to calculate
Monthly: Gross earning YTD -- MINUS - Tax YTD/NI YTD/Pension YTD (**Only if showing on YTD Deductions) = Your net figure. Divide your net figure by the number of months in pay period shown on payslip. This will give you your monthly figure.
Monthly Average: Add all 3 net payslips. Divide by 3 = This will give you your average monthly figure.

4 weekly – Minimum 3 consecutive payslips, with the latest being not more than 60 days old at application. For income use the lower of an average of the last 3 payslips or the net YTD average income.

How to calculate
4 Weekly: Gross earning YTD -- MINUS – Tax YTD/NI YTD/Pension YTD (**Only if showing on YTD Deductions) = Your net figure. Divide your net figure by the number of weeks shown on your payslip. This will give you a weekly figure. Multiply by 52 to give an annual figure divide by 12.
4 Weekly Average: Add all 3 net payslips and divide by 3.

Weekly – Minimum 4 consecutive payslips with the latest being not more than 60 days old at application. For income use an average of the last 4 payslips.

How to calculate
Weekly: Gross earning YTD -- MINUS - Tax YTD/NI YTD/Pension YTD (**Only if showing on YTD Deductions) = Your net figure. Divide your net figure by the number of weeks shown on your payslip. This will give you a weekly figure. Multiply by 52 to give an annual figure divide by 12.
Weekly Average: Add all 4 payslips and divide by 4 – this gives you a weekly figure. Multiply by 52 to give an annual figure divide by 12.

Fortnightly – Minimum 4 consecutive payslips with the latest being not more than 60 days old at application. For income use an average of the last 2 payslips.

How to calculate
Fortnightly: Gross earning YTD -- MINUS - Tax YTD/NI YTD/Pension YTD (**Only if showing on YTD Deductions) = Your net figure. Divide your net figure by the number of weeks on your payslip - this gives you a weekly figure. Multiply by 52 to give an annual figure divide by 12.
Fortnightly Average: Add all 4 payslips and divide by 8 - this gives you a weekly figure. Multiply by 52 to give an annual figure divide by 12.

Payslip Deductions

Discretionary Deductions	Non-Discretionary Deductions
Sharesave, where this isn't a loan repayment, credit union savings (this should be noted), employee share schemes, Give as You Earn (GAYE) and private healthcare.	Student loans, company pension contributions, attachment of earnings, season ticket loans and childcare vouchers. Can't be excluded from the affordability assessment.