

AWARD IN PAYROLL FUNDAMENTALS

Lecture 09: Hands-On – Payroll A-Z Practicals

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HOW TO CALCULATE PAYROLL

Myth - A payroll software can solve all our problems, at the touch of a button!!

We have to know how to calculate a payroll manually, using a pen, paper and a calculator.

We would not be able to identify any issues that arise or solve any problems or exceptions to the standard run.

One minor change or adjustment will create a different payslip.

WORKING OUT THE ANSWERS.....

- Different slides will present varying scenarios.
- Please answer or calculate.
- Write your answer in the chat privately.
- The answer will then be given.
- Whoever has a different answer is requested to point it out.
- We will work it out together.

TAX RATES

Tax Rate (Marginal)	SINGLE		PARENT		MARRIED	
	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate	Chargeable Income up to €	Deduct from Income X Tax Rate
0%	12,000	0	13,000	0	15,000	0
15%	16,000	1,800	17,500	1,950	23,000	2,250
25%	60,000	3,400	60,000	3,700	60,000	4,550
35%	60,001+	9,400	60,001+	9,700	60,001+	10,550

TAX RATES YEAR BASIS 2025 (NON-RESIDENT RATES)

Tax Rates: 2008 to Date			
Chargeable Income (€)			
From	To	Rate	Subtract (€)
0	700	0%	0
701	3,100	20%	140
3,101	7,800	30%	450
7,801	and over	35%	840

NATIONAL INSURANCE CONTRIBUTIONS (2025)

Class 1 Employed Persons		Basic Weekly Wage to €	Weekly NI Contributions (Employee)	Weekly NI Contributions (Employer)	Weekly Maternity Leave Contribution (Employer)
Category	Age				
A	< 18 years	221.78	€6.62	€6.62	€0.20
B	18+ years	221.78	€22.18 (or 10%)	€22.18	€0.67
C	Born <1962	451.91	10%	10%	0.3%
C2	Born 1962+	544.28	10%	10%	0.3%
D	Born <1962	>451.92	€45.19	€45.19	€1.36
D2	Born 1962+	>544.29	€54.43	€54.43	€1.63
E	< 18 years		10% (max. €4.38)	10% (max. €4.38)	0.3% (max. €0.13)
F	18+ years		10% (max. €7.94)	10% (max. €7.94)	0.3% (max. €0.24)

NATIONAL INSURANCE CONTRIBUTIONS (2025)

Class 2 Self-Employed Persons		Annual Net Income from €910 (€1,006 for SP) up to	Weekly NI Contribution payable by self- employed	Full-Time Farmers
Category	Age			
SP	Income from Rents, investments or capital gains	€10,840.40	€31.27	n/a
SA		€12,301.39	€35.48*	€23.65
SB	Born <1962	€23,499.99	15% of net weekly	10% of net weekly
SB2	Born 1962+	€28,303.35	15% of net weekly	10% of net weekly
SC	Born <1962	€23,500.00+	€67.79	€45.19
SC2	Born 1962+	€28,303.36+	€81.64	€54.42

* May choose to pay 15% of Net weekly income if:

- A part-time woman
- A full-time student <24 years working part-time
- A pensioner

NATIONAL INSURANCE - WEEKS

Month	No. of Mondays	Month	No. of Mondays
Jan	4	Jul	4
Feb	4	Aug	4
Mar	5	Sep	5
Apr	4	Oct	4
May	4	Nov	4
Jun	5	Dec	5

**52 weeks
in 2025**

- Self-Employed Persons pay their dues:
 - April – 17 weeks
 - August – 17 weeks
 - December – 18 weeks

WHAT RESOURCES CAN I USE ?

All resources available.

This is not a maths test, nor a memory test.

And, no extra points or rewards will be given.



WELCOME TO OUR EMPLOYEES

A woman with dark hair and glasses, wearing a black blazer over a white top and black pants, holding a large white sign.

Clarissa

A man with grey hair and glasses, wearing a dark suit, white shirt, and striped tie, sitting in a wheelchair and holding a large white sign.

Paul

A woman with long brown hair, wearing a dark blue blazer over a dark top and black pants, holding a large white sign.

Nicole

QUESTION 1



Clarissa has a wage of €37,500 per year.

What is her Gross monthly wage?

€3,125.00

€37,500 / 12 months

QUESTION 2



Clarissa has a salary of €37,500 per year.

What is her Gross weekly wage?

€721.15

€37,500 / 52 weeks

QUESTION 3



Clarissa was born in 1992.

How much is her weekly national insurance payment?

€54.43 – Category D2

QUESTION 4



- Clarissa was born in 1992. Her salary is €37,500 per year.
- How much will be the annual Maternity fund payable?

€84.76

€1.63 x 52 weeks

QUESTION 5



- Clarissa was born in 1992. Her annual salary is €37,500. She started working in Malta on the 1st of January.
- What is her tax payment for the first 6 months if we use the non-resident tax rate.

€6,143

$€37,500 * 0.35 = €13,125$ less $€840 =$
 $€12,285$

$€12,285 / 12 = €1,023.75 * 6 = €6,143$

QUESTION 6



Paul started working with his employer in March this year. He has his FS3 from his previous employment.

It shows gross earnings of €3,000 for January and February (bonuses included) and paid €130 in FSS.

He pays Married Tax Rates. Did he pay the right amount?

He overpaid by **€55** (€130 - €75)

QUESTION 6 - WORKINGS



€3,000 Earnings in Jan & Feb:

Gross Salary = €2,914.59

Bonus = €512.46 / 12 * 2 = €85.41

Annualise Earnings = €2,914.59 x 12 =
€17,487.54

Add annual bonus €512.46 = €18,000

FSS (Married Rates): €18,000 x 15% =
€2,700 - €2,250 = €450

€450 / 12 x 2 = **€75**

QUESTION 7



Paul will be earning €2,000 per month Gross (inclusive of Government Bonuses).

How much would he pay in FSS had he earned that for a full year? (Married rate)

€1,450

$€24,000 \times 25\% = €4,550$

QUESTION 8



If Paul has to pay FSS €1,450 during 2025, how much would be his monthly tax deduction?

€120.83 meaning **€121**

QUESTION 9



Since he is going to earn €23,000 this year how much is his total tax payment?

€1,200

$€23,000 \times 15\% - €2,250$
[€3,000 + €20,000]

QUESTION 10



Considering his overpayment of €55 and that he needs to pay €1,200 of taxes in year, how much tax will he be paying in March?

€58.00

See next slide !!

QUESTION 10

[illegible]

QUESTION 11



Paul would like to take a week off from work in May from his vacation leave.

The employer only allows paid leave that is accumulated up to the current month.
How much paid leave can Paul take?

56 hours

$[224 \text{ hours} / 12 = 18.66 \text{ hours/month}]$

$18.66 \times 3 \text{ months} = 56 \text{ hours}$

QUESTION 12



Nicole was born in 1995. She earns €325 per week. How much is her yearly gross wage?

€16,900

QUESTION 13



If out of €16,900, the maximum possible car cash allowance is taken, what would the Basic Gross annual Salary be?

$$€16,900 - €2,340 = \text{€14,560 Basic}$$

QUESTION 14



If Nicole's basic salary per annum is €14,560 and her gross €16,900, how much NI will she be paying on a monthly basis?

$\text{€}14,560 / 52 = \text{€}280 \text{ per week @ } 10\% = \text{€}28 \text{ per week}$

4 Mondays - €112.00

5 Mondays - €140.00

QUESTION 15



If Nicole's basic annual gross salary is €14,560 and her gross €16,900, how much Maternity Fund contributions will the employer be paying?

$\text{€}14,560 / 52 = \text{€}280$ per week
@ 0.30% = **€0.84 per week**

QUESTION 16



Nicole starting working with the employer on the 1st November 2024.
How much was her March 2025 bonus (weekly allowance)?

$$€121.16 / 6 = €20.19 * 5 = €100.97$$

Mathematically WRONG !

QUESTION 16



NICOLE	
WEEKLY ALLOWANCE	
01-Nov-24	31-Mar-25
NOV	4.2
DEC	5
JAN	4
FEB	4
MAR	4.2
WEEKS	21.40
WEEKLY RATE	4.66
	99.72

QUESTION 17



Due to schools being unforeseeably closed, Nicole decided that from April she would like to reduce her hours of work.

Is the Employer obliged to accept?

No

QUESTION 18



Since her employer is considerate and understanding, they decide to accept this request and she will be reducing her hours to 30 per week.

What is Nicole's new monthly Gross salary? (Her full is of €16,900)

$$€16,900 / 52 \text{ weeks} = € 325.00$$

$$€325.00 / 40 \text{ hours} = €8.13 * 30 = €243.75$$

$$€243.75 * 52 / 12 = €1,056.25$$

QUESTION 19



Her new salary is now €1,056.25 and the employer decided to keep her full car cash allowance.

What is her new basic?

$$€1,056.25 - €195 = €861.25$$

QUESTION 20



If her monthly wage is of €861.25
how much National Insurance will
she be paying?

Gross Basic Weekly - €198.75 per week

NI - €19.88 per week

Falls under B Category – minimum rate

May choose to pay €22.18 per week

QUESTION 21



At €198.75 per week how much is the weekly Maternity Fund contribution?

€0.67

B Category

Paid by Employer only

QUESTION 22



What will her Bonus be in June?

January February & March @ full
 $\text{€}135.10 / 6 * 3 = \text{€}67.55$

April, May & June @ reduced
 $30 \text{ hours} * \text{€}67.55 / 40 = \text{€}50.66$

Total **€118.21**