Learning Outcome 1.11

1.11 Interpret a wage slip and calculate personal tax liability arising from employment

Summary of Qs asked 2019-2026 on Learning Outcome 1.11

2022 Q18 (b)(i)	True or false statements about salary and wages	Salary / wages	6m
2022 Q18 (b)(ii)	Outline two advantages of PayPath for Kevin (employee)	PayPath	6m
2023 Q16 (b)(i)	Complete Martin's wage slip (basic, overtime, gross, PAYE, PRSI, USC, total deductions, net pay)	Complete a wage slip	9m
2024 Q12	Calculate David's monthly net pay by completing a five-part table (gross, PAYE, tax credit, tax payable, net pay)	Net pay calculation	6m
2025 Q13	Calculate gross pay for a sales assistant with double time at the weekend	Gross pay / overtime	6m
2026 Q18 (B)(i)	Complete Paula's wage slip (basic, overtime, gross, PAYE, total deductions, net pay)	Complete a wage slip	

Key skills required so far answering the JC Exam:

1. Identify the elements of a wage slip
2. Calculate gross pay including overtime, commission and bonus
3. Distinguish between statutory and voluntary deductions
4. Calculate PAYE, PRSI and USC, showing workings
5. Calculate net pay, showing workings
6. Explain what PayPath is and outline its advantages

Page 98 Introduction + Class Activity - True or False

Answers:

1. False - gross pay is the amount an employee earns BEFORE deductions. Net pay is the take-home amount after deductions.

2. True - PAYE, PRSI and USC are all statutory deductions, required by law.

3. True - a tax credit is subtracted from PAYE, reducing the tax an employee has to pay.

4. False - overtime is paid at a HIGHER rate than basic pay, eg time and a half or double time.

5. True - PayPath transfers wages electronically, directly into the employee's bank account.

Page 100 Class Activity - Key Skill: Calculate gross pay including overtime, commission and bonus

Answers with workings:

1. Niamh: €972. Basic: 38 × €18 = €684. Overtime: 8 × €36 (double time) = €288. Gross: €684 + €288 = €972.

2. Sean: €4,000. €48,000 ÷ 12 = €4,000 per month.

3. James: €470. Commission: €1,500 × 8% = €120. Gross: €350 + €120 = €470.

4. Fatima: €44,100. Bonus: €42,000 × 5% = €2,100. Total earnings: €42,000 + €2,100 = €44,100.

5. Roisin: €768. Basic: 39 × €16 = €624. Overtime: 6 × €24 (time and a half) = €144. Gross: €624 + €144 = €768.

Page 104 PayPath + Exam Corner - 2022 Q18 (b)(ii) (2 × 3m)

Key ideas → PayPath is an electronic payment system used by employers in Ireland to transfer employee's wages directly into their bank account on payday.

Employer advantages: reduces administration; fast and reliable; environmentally friendly.

Employee advantages: more convenient; safer; environmentally friendly.

Two-pronged model answers for Kevin:

1. It is safer than cash as the money goes straight into Kevin's bank account… so there is no risk of losing the cash before lodging it.

2. It is more convenient as Kevin does not need to queue in a bank to lodge his wages… so the money is available to him immediately.

Top Tip: When asked for an advantage of PayPath, ensure students give the advantage and then develop the answer to show HOW PayPath brings about that advantage for either the employer or the employee.