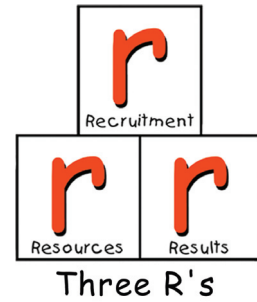


YOUR GUIDE TO TAX AND NATIONAL INSURANCE CONTRIBUTIONS



Three R's is required by Section 134 of the Income and Corporation Taxes Act, to deduct PAYE and NI from your Gross earnings.

Tax coding depends upon the allowances set by the Chancellor of the Exchequer in his annual budget; this also varies according to your personal circumstances.

The current annual tax bands are:

Tax rate	Tax %	Income band
Starting rate	10%	Up to £2,230
Basic rate	22%	From £2,230 to £34,600
Higher rate	40%	Over £34,600

In order that we can apply your correct tax coding when you start work for us we require from you either a P45 or P46 (If you do not have a P45 then you should complete a P46, please call us if you need a P46.) We forward your completed P46 to the Tax Office who will then allocate you a Tax Code for the rest of the financial year. The Tax Office will notify you directly of your tax code and they also send notification to our Payroll Department.

Three R's automatically deduct National Insurance contributions from your salary. You only pay National Insurance on earnings between the lower earnings limit (LEL) of £100 and the upper earnings limit (UEL) of £670 per week, with a Primary threshold of £100 per week. National Insurance contribution will be calculated at the rate of 11% on your gross earnings between the LEL & UEL. (If you are exempt from paying National Insurance contributions please forward your exemption certificate to Three R's).

An example of how pay is calculated if you were earning £95 per day.

Daily pay rate	£95
Number of days worked	5
Total gross pay (95 x 5)	£475
Tax free pay (dependent on your tax code)	£91.33
Tax calculated on	£383.67
Tax paid in this week (dependent on your tax code)	£77.13
National Insurance contribution	$£475 - £100 = £375 \times 11\% = £41.3$
Net pay	£340.57

If you have any further queries which you feel we may be able to answer please do not hesitate to contact us. Alternatively please contact the Inland Revenue Help line on **01622 760200**.