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Payslips

Most employees receive payslips and take them for granted, but what are the legal requirements?

All workers, including those working part-time and temporarily, are entitled to receive a written payslip on or before their pay day. A worker is anyone who personally performs work or services to an organisation, under an employment contract or any other type of contract. The Employment Rights Act (ERA) sets out the required contents of a payslip:

- Gross pay
- Amounts and purpose of variable and fixed deductions
- Net pay
- Method of payment (where different amounts are paid in different ways)

In practice, most employers give much more information than the basic statutory requirements. For instance, it is obviously good practice to analyse gross pay to show:

- Basic pay
- Number of hours worked and rate paid (if worker works variable hours or overtime)
- Bonus, commission, etc.
- Special allowances
- Sick pay (including Statutory Sick Pay)
- Parental pay (including Statutory Maternity Pay, Statutory Paternity Pay and Statutory Adoption Pay)
- Holiday pay
- Employer’s and employee’s pension contributions

It is also usual to show the period covered by the payment, and the date of payment.

You can significantly reduce queries from employees by giving basic details such as:

- National insurance number
- PAYE tax code
- Tax Office name and reference