SALARY SACRIFICE ANALYSIS

Example of salary sacrifice of £672.00 over 24 months

Normal Salary					Salary Sac £28.00pe		Monthly Difference	
	Gross Salary	£3026.08			Gross Salary	£ 3026.08		
					Salary Sacrifice		£28.00	
					New Gross Salary	£ 2998.08		-£28.00
Less	Pension Contribution (6.8%)		- £205.77	Less	Pension Contribution (6.8%)		-£ 205.77	-£ 0.00
Less	National Insurance (10%)		£249.54	Less	National Insurance (10%)		246.63	-£ 2.91
Less	Tax (20%)		£439.40	Less	Tax (20%)		433.80	-£ 5.60
		-£ 894.71				-£ 886.20		
	Net Pay (Take Home Pay)	£2131.37			Net Pay (Take Home Pay)	£ 2111.88		£ 19.49
	Employers NI	£240.70			Employers NI	£237.8	37	£2.83

ADDITIONAL ANNUAL TAX & NI LIABILITIES

The 'benefit in kind' will need to be reported via a P11D and this will result in additional charges for the employee and the employer (Class 1a NI)

Based on the above :

Employee will have their tax code reduced in the following financial year resulting in an additional £26.80 tax being paid

Employer will be liable for <u>additional Class1A NI amounting to £18.55</u> (based on 2011/12 rate of 13.8%)

The Class1A NI is payable on the 'benefit in kind' due at 20% of the market value and this is payable for each year the 'asset' is available to the employee.

Therefore if the PC made available 2011/12 and final payment is made in Dec 2013 Class1a NI will be due 2011/12,2012/13 and 2013/14