

Reference No: E109/172/76; Date: 07/12/76

Circular 38/1976:- Extension of the PAYE system to employees not previously covered by that scheme

A Dhuine Uasail

1 This circular consolidates and updates, for convenience of reference, the instructions conveyed in previous circular letters and otherwise by this Department in the above connection.

2 (i) Pay for regular pay periods

Monthly and bi-monthly paid staff should be paid equal instalments, less deductions, of their appropriate annual salaries every pay-day, i.e. 1/12th and 1/24th respectively, rounded, where necessary up to the next complete 1p. Weekly-paid staff should be paid the appropriate weekly rate of pay, less deductions, every pay-day.

2 (ii) Pay for irregular pay periods

In the case of monthly and bi-monthly paid staff, pay for irregular or broken periods e.g. on entry, promotion, resignation, etc. should be calculated as follows:

$$\text{Rate per month} \quad \times \quad \frac{\text{no. of days in the relevant broken period of the month}}{\text{no. of days in month}}$$

In the case of bi-monthly paid staff, "relevant broken period" in the above formula should be construed as meaning

| | Relevant period | |
|---|---|--|
| Event | Event occurring on 1st to 15th of month | Event occurring on 16th to end of month |
| Recruitment Promotion (Pay in higher grade) Revision of pay scale (Pay on new scale) Increment (Pay at higher point) | Date of event to 15th of month inclusive | Date of event to end of month inclusive |
| Promotion (Pay in lower grade) Revision of pay scale (Pay on old scale) Increment (Pay at lower point) | 1st of month to date prior to event inclusive | 16th of month to date prior to event inclusive |

3 Allowances

The monthly/bi-monthly equivalent of annual allowances and the proportion of such allowances payable for irregular or broken periods should be calculated on the same basis as monthly/bi-monthly salaries.

The weekly equivalent of annual allowances should be calculated by dividing the annual sum by 52.18 and rounding, where necessary, up to the next complete 1p. The amounts so calculated should be paid, without stoppage, for as long they are due.

Departments which have adopted any other formula for calculating the weekly equivalent of annual allowances in connection with the new pay-roll system should change over to the arrangement outlined above as soon as convenient (but in any event not later than 6 April 1977) making any necessary adjustments to recover overpayments for the period from 6 April 1976 on.

4 Overtime

Overtime pay where due should be included with a wages/salary payment.

5 Deductions

The following procedures for dealing with deductions should be noted/adopted

| Deduction where indicated | Procedure on and from 6th April 1976 or other date |
|--|---|
| Income Tax | The instructions of the Revenue Commissioners should be followed. In this connection, the mid-monthly allowance figure, where bi-monthly adding end of month cumulative figure for such allowance. |
| Flat-rate Social Insurance | The contributions are expressed in weekly terms and contributions should be deducted accordingly in the case of weekly case of bi-monthly and monthly paid should be deducted from each salary payment by reference to the number of Mondays falling in the period since the day. Some accounting machines can do this automatically once the appropriate machine instruction is given at the commencement of each bi-monthly or monthly pay "run". In cases where it cannot be done automatically, it may be preferable to calculate reference to the number of next complete 1p and balance by adjusting the final deduction of the year by special intervention. |
| Pay-related Social Insurance contribution | The instructions of the Revenue Commissioners should be followed. There is no rounding problem as the contribution is calculated by reference to the even pounds figure of wages and salaries. |
| Civil Service contributory pension scheme (1½% or, in some cases, multiples thereof) | The weekly, monthly or bi-monthly deduction should be rounded to the <u>nearest</u> 1p. |
| Staff Association Subscriptions | To convert subscriptions from annual into weekly, bi-monthly or monthly rates, the annual rate should be divided by the appropriate figure and rounded to the nearest 1p. |

Savings Schemes (Savings National Instalment Savings) (1) Savings Certificates are purchased in multiples of Certificates and Accounts Branches are notified in the normal way of the amounts to be deducted each pay period). The deductions must of course, be suppressed at the end of each savings cycle.

(2) National Instalment Savings are deducted over 12 months (48 weeks in the case of weekly paid staff). Savers contract to s; in multiples of £1 per month. Annual totals are, therefore, evenly divisible by 48, 24 or 12 as appropriate. Deductions from weekly paid staff must, of course, be suppressed for weeks 49 to 52 (or 53) in each annual cycle.

Civil Service Benevolent Fund (1) The annual amount to be deducted should be calculated on the basis of salary at 31st March each year. This amount should be divided by 52, 24, or 12, as appropriate, rounding to the nearest 1p.

Civil Service Society (1) Throughout each year (1 July to 30 June) deductions should be at rates based on annual pay at the 31 March immediately preceding, e.g. deductions in force during the year 1 July 1976 to 30 June 1977, or commencing at any time during that year, should be based on annual pay at 31 March 1976. To obtain the amount to be deducted weekly, bi-monthly or monthly, the annual amount should be calculated and divided by 52, 24 or 12, as appropriate rounding to the nearest 1p.

(2) Deductions should be remitted to the Society following the end of Julie quarter or such intervals as may be agreed between the Society and individual Departments .

(3) At least three weeks notice will be given by the Society or by the Officer concerned before deductions in respect of new members are commenced.

(4) In the case of new members, where deductions are commenced other than at the beginning of the deduction year for the Society, i.e. 1 July, a full twelve months subscription will not have been collected by 31 June but whatever sum has been collected should be paid over to the Society.

Life Assurance Premiums (1) Where the appropriate deductions have not been notified by insurance companies under (4) below, they should be calculated by multiplying the quarterly premium for each policy by 4, dividing by 52, 24 or 12, as appropriate, and rounding to the nearest 1p. When a weekly-paid officer subsequently goes on to bi-monthly or monthly pay, the appropriate deduction should be recalculated by reference to annual premium and rounded to the nearest 1p.

(2) Monies deducted from pay on behalf of insurance companies should continue to be remitted to them on a quarterly basis.

(3) When a change occurs in the frequency of payment of an individual (e.g. from weekly to bi-monthly), the company

concerned should be notified of the revised premium amounts to be deducted. frequency of payment and of the new

(4) In the case of "new business" the insurance companies will notify Departments of the weekly and half-monthly premium deduction rates - the monthly rate, which will be twice the half monthly rate, will not be indicated.

(5) Any changes in the foregoing arrangements will in future be negotiated through the Department of the representatives of the insurance companies. Public Service by the

Note: Regarding life assurance premiums see Circular Letter 7/77 in addition to Circular 2/77.

Voluntary Health Insurance (1) Renewal lists indicating the appropriate annual, premiums monthly and weekly rates of deduction for each subscriber will be issued by the Voluntary Health Insurance Board to Departments/ Offices by the beginning of December each year. Bi-monthly rates of deduction should be calculated by dividing the notified monthly amount by 2 and rounding up, if necessary, to the nearest 1p.

Staff/Payroll numbers of up to 9 digits can be shown by the Board, if required, on their renewal lists for the benefit of Departments/Offices which require these numbers to be shown; such Departments should forward details of the numbers concerned to the Voluntary Health Insurance Board.

Renewal lists can be provided in Staff/ Payroll number order and Departments/ Offices requiring this should notify the Voluntary Health Insurance Board.

(2) Departments/Offices should adopt either procedure (a) or procedure (b) following in relation to the remittance of reconciliation of deductions.

(a) Commencing in February 1977 with the deductions for January 1977, remit and reconcile monthly, or

(b) Commencing in February 1977, remit monthly for the first two months of each quarter, on account, an amount to be agreed with the Voluntary Health Insurance Board. Reconcile quarterly and remit the balance due for the quarter with the quarterly statement of account.

The statement of account furnished by a Department to the VHI Board, whether monthly or quarterly, should be in the format shown in the Appendix. It should be noted in this connection that the first statement of account relating to a new year should have as the opening balance the renewal total figure for the first month or for the first quarter [depending on whether procedure (a) or (b) is adopted] in accordance with the renewal rates of deduction notified by the VHI Board. Subsequent statements of account should have as the "opening balance" the "closing balance" on the previous statement.

(3) Departments/Offices should notify the Voluntary Health Insurance Board as early as possible of every case of cessation of deduction through transfer to another Department/Office, retirement, resignation or death.

(4) Deductions in accordance with the above arrangements should be commenced from 1 January 1977.

(5) The foregoing instructions do not apply to Voluntary Health Insurance Board group-schemes at present in operation National and Secondary Teachers, Army personnel, Gardai and Prison Officers.

In the case of weekly-paid staff, no deductions should be made on the 53rd payday of the pay year (whenever there is 53rd pay-day) in respect of items (other than statutory deductions) which have already been fully deducted in respect of that year during the previous 52 pay-days.

Save as otherwise indicated no change is necessary in the present arrangements under which sums deducted are paid over to the bodies concerned.

6 Payslips

A payslip indicating basic pay, plus additions such as overtime or allowances, and the amounts of any deductions and what they relate to, should be issued with every payment of wages and salary.

7 Computerisation of payroll systems

It may be found necessary to change some of the procedures set out in this circular in connection with the computerisation of payroll by the Central Data Processing Services in order to permit the computer systems to be utilised in the most cost effective manner. Any such variations advised by CDPS may be adopted.

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Noel Whelan

Note: See Circular 2/77

Specimen Statement of Account

Voluntary Health Insurance - Group X
STATEMENT OF ACCOUNT FOR MONTH COMMENCING 1/1/77
(See sample renewal list at page 2 of this appendix)

| | | | | |
|--------|---|-------------------------------|--------------------------------|----------|
| | Monthly Subscription (i.e. "opening balance") | | | £225.58 |
| | <u>Less Cancellations</u> | | | |
| 80071 | Officer A (transferred to Dept. X.) | £6.10 | | |
| 213685 | Officer B (resigned on marriage) | £1.67 | - | £7.77 |
| | | £217.81 | | |
| | <u>Plus New Member</u> | | | |
| 258201 | Officer C (from Dept. Y.) | | | + £3.39 |
| | <u>Less Weekly Paid Staff</u> | | | |
| | | | | £221.20 |
| | | (Weekly rate of deduction) | (Monthly rate of deduction) | |
| 56 | Officer D | £2.04 | £8.82 | |
| 114638 | Officer E | £0.93 | £4.03 | |
| 203892 | Officer F | £1.66 | £7.18 | |
| 219523 | Officer G | £0.51 | £2.21 | - £22.24 |
| | | | | £198.96 |
| | Total Weekly deductions £5.14 multiplied by 4 (or 5 in a month with 5 pay-days) | | | £20.56 |
| | Subscription due to V.H.I. for January (i.e. "Closing Balance"). | | | £219.52 |

CHEQUE ENCLOSED FOR THIS AMOUNT

Voluntary Health Insurance - Group X - Sample Renewal List

| REGISTR- ATION NO CODE | NO | NAME | PAY CD. | UNITS SUB | H S | NO. AD | OF CH | ANNUAL MONTH WEEK | | |
|---------------------------|------|------|------------|--------------|--------|-----------|----------|-------------------|--------|-------|
| | | | | | | | | SUBSRP | DEDUC | DEDUC |
| | | | | | | | | AMT. | AMT. | AMT. |
| 0000050 41 | 2574 | 3 | 050 | 10 | Y | 2 | 3 | £121.92 | £10.16 | £2.34 |
| 0000054 41 | 2574 | 3 | 032 | 09 | Y | 2 | 4 | £99.36 | £8.28 | £1.91 |
| 0000056 41 | 2574 | 3 | 050 | 10 | Y | 2 | 2 | £105.84 | £8.82 | £2.04 |
| 0000057 41 | 2574 | 3 | 016 | 10 | Y | 3 | 4 | £89.16 | £7.43 | £1.71 |
| 0000061 41 | 2574 | 3 | 035 | 10 | Y | 2 | 3 | £95.52 | £7.96 | £1.84 |
| 0064545 41 | 2574 | 3 | 050 | 12 | N | 2 | 3 | £116.04 | £9.67 | £2.23 |
| 0079043 41 | 2574 | 3 | 050 | 10 | N | 2 | 2 | £96.84 | £8.07 | £1.86 |
| 0080071 41 | 2574 | 3 | 043 | 10 | N | 2 | 1 | £73.20 | £6.10 | £1.41 |
| 0095511 41 | 2574 | 3 | 043 | 10 | N | 2 | 2 | £86.16 | £7.18 | £1.66 |
| 0097033 41 | 2574 | 3 | 043 | 10 | Y | 2 | 2 | £95.16 | £7.93 | £1.83 |
| 0105066 41 | 2574 | 3 | 018 | 09 | N | 1 | 0 | £16.44 | £1.37 | £0.32 |
| 0114638 41 | 2574 | 3 | 050 | 10 | N | 1 | 1 | £48.36 | £4.03 | £0.93 |
| 0193197 41 | 2574 | 3 | 040 | 09 | N | 2 | 2 | £79.56 | £6.63 | £1.53 |
| 0193287 41 | 2574 | 3 | 016 | 09 | N | 2 | 2 | £43.08 | £3.59 | £0.83 |
| 0200032 41 | 2574 | 3 | 043 | 10 | N | 2 | 0 | £60.36 | £5.03 | £1.16 |
| 0203385 41 | 2574 | 3 | 040 | 10 | N | 2 | 3 | £93.84 | £7.82 | £1.80 |
| 0203892 41 | 2574 | 3 | 043 | 10 | N | 2 | 2 | £86.16 | £7.18 | £1.66 |
| 0208647 41 | 2574 | 3 | 036 | 10 | N | 2 | 2 | £75.48 | £6.29 | £1.45 |
| 0213685 41 | 2574 | 3 | 025 | 09 | N | 1 | 0 | £20.04 | £1.67 | £0.39 |
| 0216217 41 | 2574 | 3 | 055 | 11 | Y | 2 | 1 | £97.92 | £8.16 | £1.88 |
| 0219521 41 | 2574 | 3 | 043 | 10 | N | 2 | 1 | £73.20 | £6.10 | £1.41 |
| 0219522 41 | 2574 | 3 | 043 | 10 | N | 1 | 0 | £30.12 | £2.51 | £0.58 |
| 0219523 41 | 2574 | 3 | 036 | 10 | N | 1 | 0 | £26.52 | £2.51 | £0.51 |
| 0219524 41 | 2574 | 3 | 043 | 10 | N | 2 | 2 | £86.16 | £7.18 | £1.66 |
| 0219525 41 | 2574 | 3 | 043 | 10 | N | 2 | 1 | £73.20 | £6.10 | £1.41 |
| 0219526 41 | 2574 | 3 | 051 | 10 | N | 2 | 4 | £128.04 | £10.67 | £2.46 |
| 0219527 41 | 2574 | 3 | 024 | 10 | N | 2 | 0 | £40.56 | £3.38 | £0.78 |
| 0219528 41 | 2574 | 3 | 032 | 09 | Y | 2 | 0 | £53.28 | £4.44 | £1.02 |
| 0219546 41 | 2574 | 3 | 043 | 10 | N | 2 | 2 | £86.16 | £7.18 | £1.66 |
| 0219547 41 | 2574 | 3 | 043 | 10 | Y | 2 | 2 | £95.16 | £7.93 | £1.83 |
| 0219742 41 | 2574 | 3 | 043 | 10 | N | 1 | 0 | £30.12 | £2.51 | £0.58 |
| 0219768 41 | 2574 | 3 | 035 | 10 | Y | 2 | 4 | £108.00 | £9.00 | £2.08 |
| 0234644 41 | 2574 | 3 | 035 | 10 | Y | 2 | 1 | £70.56 | £5.88 | £1.36 |
| 0239733 41 | 2574 | 3 | 050 | 15 | Y | 1 | 0 | £40.68 | £3.39 | £0.78 |
| 0242877 41 | 2574 | 3 | 038 | 10 | Y | 2 | 3 | £100.80 | £8.40 | £1.94 |
| 0246817 41 | 2574 | 3 | 043 | 10 | N | 1 | 0 | £30.12 | £2.51 | £0.58 |
| 0246836 41 | 2574 | 3 | 050 | 10 | N | 1 | 0 | £33.84 | £2.82 | £0.65 |

GROUP TOTALS:

| | |
|-------------------------|-------------------|
| Deduction Amounts | £225.58 (Monthly) |
| Renewal Amounts | £2706.96 (Annual) |
| No. of Renewed Policies | 37 |