

Article Number 11457
Products Sage 50 Payroll National Insurance Year End - Preparation Year End - Processing Sage Instant Payroll v11 National Insurance Year End - Preparation Year End - Processing
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Article type Definitions and Summaries


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Director (Table Method) national insurance calculations at Year End

Summary

Answer

When an employee's status is set to Director (Table Method), the deduction for national insurance (NI) is made using the weekly or monthly thresholds, depending on the pay frequency of the director, and is calculated in the same way as a non-director until the final pay period of the tax year or the director leaves the company.

Government legislation stipulates that a director must pay NI on a yearly, cumulative basis. This means that Sage Payroll recalculates the NI for a table method director on a year to date basis:

- Automatically when you process the final payroll for the tax year.
- Sage 50 Payroll - When you select Final Pay Run within Enter Payments for a table method director who leaves part-way through the tax year.
- Sage Instant Payroll - When you select Director's Final Pay within Maintain Employees' Pay for a table method director who leaves part-way through the tax year.

The final calculations sometimes differ from those made throughout the rest of the tax year, as they look to the annual Earnings Threshold and Upper Earnings Limit rather than the weekly or monthly Earnings Threshold and Upper Earnings Limit, which have been used for the other calculations. This recalculation can result in the NI for the final pay period being higher or lower than usual.

Note: The employee's and employer's deductions for a director's NI continue beyond the Upper Earnings Limit.

For further information about running the Year End, please refer to your Year End guide, supplied free of charge to all Sage Payroll customers with a valid support contract.

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 Sage Payroll v11.10, v11.11, v11.12, v11.13
 Sage Payroll v12.07, v12.08, v12.09, v12.10
 Sage 50 Payroll 2007 v13.04, v13.05, v13.06, v13.07
 Sage 50 Payroll 2008 v14.01, v14.02, v14.03, v14.04
 Sage 50 Payroll 2009 v15.00, v15.01

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