

Using an umbrella company for contract work is financially different to being permanently employed, and therefore an umbrella payslip will appear slightly different to a payslip for a permanent employee. While Churchill Knight Umbrella administers your payroll, we do not benefit from the work you do.

This guide provides you with an explanation and breakdown of your pay through an umbrella company. If you have any questions about the descriptions provided here, please call us on **01707 669026**.

Money received

- VAT
- Company Costs (Employer's NI, Company Overhead, Holiday, Apprenticeship Levy, Pension)
- + Holiday Pay
- Deductions (PAYE, National Insurance, Pension)
- = Net Pay

The deductions will be made to your pay as follows:

£2,400 - £400 = £2,000

£2,000 - £440.30 = £1,559.70

£1,559.70 + £188.26 = £1,747.96

£1,747.96 - £569.81 = £1,178.15

Explanations

Employer's NI, Company Overhead, Holiday, Apprenticeship Levy and Pension Costs:

(£218.31 + £25.00 + £188.26 + £8.73 + £0.00) We process your payroll, but do not benefit from the work you do. Therefore any liabilities including Employer's National Insurance and employer pension contributions need to be covered by the money received - making it different from permanent employment. Your rate should reflect this in the form of an uplift.

The Company Overhead is the margin that we receive for administering your payroll. This is the only money that Churchill Knight Umbrella receives - the rest is either paid to HMRC or yourself.

Apprenticeship Levy is an HMRC liability required by law, and the money can only come out of what you have received. It only accounts for 0.5% and should be covered by your rate as well.

We will also deduct employer pension contributions here. We must auto-enroll you to our Nest pension scheme after 12 weeks of being on our payroll; you do however have the right to opt-out of the employer pension scheme if you do not want to make contributions or if you already have a private pension pot.

Holiday: (£188.26) Since you don't get paid for any time you aren't working, but you are technically employed, we are legally required to pay you holiday pay. Similarly to the Employer's NICs, this money can only come from the amount initially received. The holiday pay is reallocated at a rate of 12.07% and is accounted for and displayed separately. Your Holiday Pay is deducted with the company costs but is reallocated on your payslip and reconciliation statement later.

PAYE, Employee's NI and Pension Costs: (£458.57 + 111.24 + £0.00) We deduct Income Tax (PAYE), Employee's NI and employee pension contributions from your income after VAT and Company Costs, and following the reallocation of your Holiday Pay.

Payslip Example

Churchill Knight Umbrella					PS-UCL-0000132
					Tax Period: 35 Week Ending: 2019-12-13
Employee Ref.	Employee Name	PAYE Reference		Process Date	National Insurance Number
VT241931	Joe Bloggs	958/A958		13/12/2019	JX789678
Payments		Units	Rate	Amount	
Basic Pay		37.50	8.21	307.88	
Holiday Pay			188.26	188.26	
Bonus Pay			1251.82	1251.82	
Other Compensations/Expenses					
					Deductions
					Amount
					Tax 458.57
					National Insurance (A) 111.24
					Pension Contributions 0.00
					Student Loan 0.00
					Post Graduate 0.00
					Attachment Order
					Other Deductions
Address Details					
This Period					
Total Gross Pay	1747.96				
Gross For Tax	1747.96				
National Insurance (A)	111.24				
Student Loan	0.00				
Post Graduate	0.00				
Tax Rebate	0.00				
Tax	458.57				
Tax Code	1250LX				
Year To Date					
Gross Pay TD	3517.79				
Gross For Tax TD	3517.79				
National Insurance TD	222.92				
Student Loan TD	0.00				
Post Graduate TD	0.00				
Tax Rebate TD	0.00				
Tax TD	925.94				
Net Pay	1178.15				

Reconciliation Statement Example

Employee No	Employee Name	Process Date	National Insurance Number
VT241931	Joe Bloggs	13/12/2019	JX789678

Company Receipts:

Basic Pay	Description	Units	Rate	(£)
09/12/2019 - 13/12/2019	Standard	5.00	400.00	2000.00
Total				2000.00 (A)

Less Company Costs:

Company Overhead	25.00
Employer's NIC	218.31
Pension Cost	0.00
Holiday Provision	188.26
Apprenticeship Levy	8.73

Total 440.30 (B)

Receipts Less Costs	1559.70 (A) - (B)
Add: Holiday Taken This Period	188.26
Less: Holiday Accrued This Period	0.00
Less: Employee Pension	0.00

Gross For Tax 1747.96

Holiday Pay Entitlement	
	(£)
Brought Forward	0.00
Accrued This Period	0.00
Taken This Period	188.26
Carried Forward	0.00