

Q11: How do I pay a Net bonus?

Most SUPERPAY users are already familiar with the concept of a **Net to gross** pay item where you enter the amount followed by **n**. (RUN PAYROLL calculates the gross pay needed to achieve the Net amount after taking into account all other payslip items including tax, NI, and pension.)

Net bonuses are when an employee receives his normal gross pay, and you want to pay an **extra** Net amount. On the payslip screen you:

Enter the bonus line as the **total** Net pay required

i.e. you do **not** enter the bonus amount with an **n**. The best way to explain this is with an example.

Example: You want to pay an employee a £500 Net Bonus. During RUN PAYROLL, enter all the e'ee's standard items. RUN PAYROLL calculates the employee's Net pay **before** the bonus as £2,215.50.

Now enter the bonus line as the **total Net pay** required; i.e. enter £2,215.50 + £500 = £2715.50 followed by **n**.

SUPERPAY		Run weekly pa
Employee code <A9 > Harold Johnson		
Gross pay items:		Sta
Basic Pay	2898.25	Na
Overtime	195.50	Ta
Bonus	2715.50n	




Diagram 1: Set up Net pay item

When you move on to the next line, SUPERPAY calculates and displays the Gross bonus and extra Tax, NI and Pension needed to achieve that Net amount. (The Tax, NI and Pension are added to the amounts already displayed.) In this example, SUPERPAY calculates that a £885.26 Gross is needed to achieve £500 **extra** Net Pay.

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Diagram 2: Calculated Gross pay amount

The important point to note here is that you do **not** enter the bonus as **500.00n**. Instead you enter the value of the total net **plus** the bonus. If you entered 500n on the payslip screen, RUN PAYROLL would try (and fail) to calculate a gross pay that would give £500.00 total Net Pay to the employee which is impossible since he already has £2215.50 Net Pay.

1. Since you need to know what an employee's Net Pay is before you can enter a Net bonus, you can **only** enter such bonuses on an employee's payslip screen; i.e. you can't set them up on the Employee Record screen.
2. If all your employees are receiving the same Net bonus, you need to calculate and enter the amounts individually on each employee's payslip screen.
3. If the employee has a Student loan or Attachment, this is deducted **after** the Net to gross item has been calculated; i.e. the employee will receive the agreed Net pay **less** the Student loan or Attachment.

Even when our hotline staff explain what to do, some users have difficulty with the concept of a £500 net bonus having to be entered as, for example, £2715.50n instead of £500n. However, once you key in some real figures for your own employees, the concept becomes much clearer - it really does work!