Q12: How do I set up a Student Loan?

12.1 You set up a Student Loan as an after-tax item in the employee's record.

When a starter gives you a P45 which has **Y** in the Student Loan box, or the Inland Revenue sends you a Start Notice, enter **∗S** on any line in the After-tax items on Screen 1 of the employee's Record.

```
┌─ Gross pay items ─┬─ After tax items ─┐   Director (Y/N)? N
│∗1 480             │∗S                 │          NI number
│                   │                   │         Male/female
│        ☞          │                   │     Date of birth  /  /
│                   │                   │        Start date  /  /
│                   │                   │        Leave date  /  /
│                   │                   │    CIS Expiry date  /  /
```
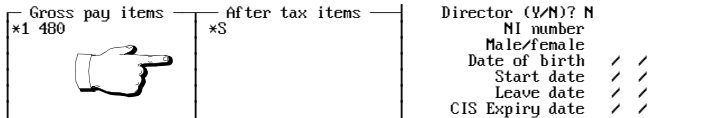
Diagram 1: Setting up a Student Loan

Enter no value. (SUPERPAY does the calculations for you based on the current legislation.) That is all you have to do, unless the *e'ee* also has an Attachment - see below.

12.2 Calculation of student loan

When you have set up the Student Loan, RUN PAYROLL automatically displays the Student Loan deduction on the employee's payslip screen. You cannot alter this figure. If there is no deduction this week, the Student Loan shows a nil value.

12.3 Student loan and net to gross pay calculations

If an employee who is paid Net has a Student Loan, SUPERPAY calculates the Net to gross, and **then** deducts the Loan; i.e. the employee does not end up with the Net pay that you enter - he ends up with the Net minus the Loan.

12.4 Record of total deducted

When you press F9 to STORE the employee's payslip screen, SUPERPAY updates the Student Loan total to date field on Screen 3 of his Record.

12.5 Student loans and attachments

Special rules apply when an employee has both a Student Loan **and** an Attachment. Please telephone our hotline for more details if required. The main thing is to be aware that special rules exist - we can only help you set up the employee's

record appropriately if you know to ask for advice. (More details are in the main SUPERPAY manual which can be downloaded as a PDF file from our website.)

12.6 Pay deductions to the Inland Revenue

The MONTHLY SUMMARY shows the total Student Loans deducted each month and adds this to your Inland Revenue payment total.

12.7 When to stop deducting student loans

Only the Inland Revenue can tell you to stop deducting a Student Loan. They will issue a Stop Notice (SL2).

12.8 When an employee leaves

If you have ***S** as an After-tax item on an employee's Record, SUPERPAY prints Y in the Student Loan box of the P45 when he leaves.

12.9 Nominal analysis

The double entry is Credit the Student Loan account, Debit the Net Pay. You enter the Nominal Analysis codes on Screen 3 of your Company Record.