



IAB LEVEL 1 CERTIFICATE IN PAYROLL
(Qualification Accreditation Number 500/3281/1)

INTRODUCTION

The overall aim of the qualification is to accredit candidates' knowledge and understanding of the fundamental principles relating to the basic calculations and preparation of a weekly or monthly payroll, using manual routines but with the aid of the HMRC 'Calculators' as provided on the HMRC CD-Rom.

Within the qualification, candidates have the opportunity to gain some knowledge of income tax and National Insurance calculations for the PAYE employee. Candidates are also introduced to the use of the HMRC CD-Rom by using the 'Calculators' given by HMRC for the calculation of Income Tax and National Insurance Contributions.

This qualification requires candidates to understand those payments which constitute Gross Pay for full time and part time employees and therefore liable for taxation and National Insurance contributions. Candidates are also required to understand the basic differences between being employed and self-employed.

The manual processing of payroll data, such as hours worked, hourly rates, bonuses and commissions are important elements of the IAB Level 1 Certificate in Payroll qualification.

Candidates may progress to the IAB Level 2 Certificate in Payroll and IAB Level 2 Certificate in Computerised Payroll, on successful completion of this qualification. It is recommended, although not essential, for candidates to complete the IAB Level 2 Certificate in Payroll before proceeding to the IAB Level 2 Certificate in Computerised Payroll.

To be awarded the qualification, candidates are required to successfully demonstrate their competence in by means of an external examination. It will also provide progression to the NVQ in Payroll Administration at Level 2. Candidates will receive acknowledgement of successful completion this qualification.

UNIT ASSESSMENT

The examination of this single unit qualification will be of 1½ hours duration. Any examinations sat from 1st September to 31st August of the following year will be set using information relating to the Tax Year legislation in operation as at 1st September. For example the examinations set for January 2009 and June 2009 will be set using legislative limits relating to Tax Year 2008/09.

Candidates may sit the Examination of this Unit on either the specific dates set and published by the IAB or on dates set by Centres on an 'On-demand' basis.

CERTIFICATION

All candidates who achieve a Pass grade will be informed of their achievement in an official IAB Results Letter sent within ten weeks following the examination. Additionally candidates who achieve this qualification will be issued with certification of their achievement in the IAB Level 1 Certificate in Payroll examination.

IAB Level 1 – Certificate in Payroll

SINGLE UNIT 1 (IAB CODE P1) – MAKING BASIC PAYROLL CALCULATIONS

Aim of the Unit

Upon the completion of study for this qualification, it is intended that the candidate will be able to:

- Provide an introduction to the Payroll Function
- Make simple Gross Pay calculations
- Adjust pay for basic Statutory Deductions
- Complete and maintain key documents and records
- Understand basic methods of payment

Prior Knowledge and Skills Requirements:

There are no requirements for this unit.

Learning Outcome	Assessment Criteria
1.1.1 Provide an introduction to the Payroll Function	Understand and be able to discuss: <ul style="list-style-type: none">• The role of the Payroll Office• How the Accounts department, Personnel department and Payroll department work together• The necessity for confidentiality, security and accuracy• The need and application of Internal checks and controls• Verification of information
1.1.2 Make simple Gross Pay calculations	Understand who is an employee for Gross Pay purposes: <ul style="list-style-type: none">• Full time• Part time• Employed or Self Employed Understand what constitutes Gross Pay for Income Tax and National Insurance Be able to calculate Gross Pay for the week, month or year based on <ul style="list-style-type: none">• Basic weekly pay• Basic monthly pay Be able to calculate the value of overtime from given information.

<p>1.1.3 Adjust pay for basic Statutory Deductions</p>	<p>Understand the role of HM Revenue & Customs (HMRC) with respect to the basic calculation of both Income Tax and National Insurance Contributions (NIC)</p> <p>Understand the dates and the implication of the change of the Tax Year Be aware of Income Tax rates and bands.</p> <p>Understand tax codes, including</p> <ul style="list-style-type: none"> • Those with standard suffixes • Week 1 and Month 1 <p>Understand the basic categories of National Insurance.</p> <p>Be aware of the National Insurance Earnings Limits and Thresholds and understand the different categories of NIC.</p> <p>Be able to set up and use a P11 Deduction Working Sheet.</p>
<p>1.1.3 Adjust pay for basic Statutory Deductions (continued)</p>	<p>Be able to use the 'Calculators' on the HMRC CD Rom to calculate Income Tax and NIC.</p> <p>Be able to determine:</p> <ul style="list-style-type: none"> • Income Tax to be deducted using a variety of Tax codes as detailed above • NIC to be deducted • Employers NIC
<p>1.1.4 Complete and maintain key documents and records</p>	<p>Be able to use the 'Database' provided on the HMRC CD Rom for the recording of:</p> <ul style="list-style-type: none"> • Company details • Employee information • Payroll processing information i.e. Income tax and NIC on the P11's within the database. <p>Be able to complete the Wages Book – showing the breakdown of basic pay, overtime pay, Income Tax, NIC, Net Pay and Employer's NIC.</p> <p>Be able to reconcile for accuracy using a basic Wages Book.</p> <p>Be able to complete Payslips knowing when they must be provided and what information they must contain.</p> <p>Understand the need for accurate recording and filing of information and documents.</p>
<p>1.1.5 Understand basic methods of payment</p>	<p>Understand the different methods of paying net wages and salaries and be able to discuss their strengths and weaknesses</p> <ul style="list-style-type: none"> • Cash and cheques, including the preparation of a Cash Analysis • Automated Bank Transfers including BACStel