



IAB LEVEL 3 DIPLOMA IN PAYROLL
(Qualification Accreditation Number 500/3278/1)

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 both weekly and monthly payrolls, using manual routines and utilising the HMRC CD-Rom and Calculators. In addition, it accredits some book-keeping skills of candidates in performing the routine tasks of calculating the cost of wages to the employer.

Within the qualification, candidates have the opportunity to expand their knowledge of income tax and National Insurance calculations for the PAYE employee including directors, and their understanding of other fundamental procedures introduced at Level 2. Candidates are also introduced to the implications for the employee of receiving expenses and benefits from their employer and the processing of month end and year end procedures. The syllabus also deals with the treatment of termination payments, and the practice relating to both further routine and some non-routine tasks including analysis of departmental wages costs and an introduction to Pension Administration.

This qualification requires candidates to understand those payments which constitute Gross Pay and therefore liable for income tax and National Insurance contributions.

The manual processing of more advanced payroll data, such as changes to hours worked, increased hourly rates of pay, bonuses and commissions are important elements of the IAB Level 3 Diploma in Payroll qualification.

Candidates may progress to the IAB Level 2 Certificate in Computerised Payroll and/or the IAB Level 3 Diploma in Payroll on successful completion of this qualification.

To be awarded the qualification, candidates are required to successfully demonstrate their competence in by means of one external examination. Candidates will receive acknowledgement of successful completion of this qualification by means of formal letter and Certification.

CERTIFICATION

All candidates who achieve a Pass grade in the examination, will be informed of their achievement in an official IAB Results Letter sent within ten weeks following the examination. Additionally candidates who pass will receive the IAB Level 3 Diploma in Payroll.

IAB Level 3 – Diploma in Payroll

SINGLE UNIT (IAB CODE P3.1) – MANAGING PAYROLL ADMINISTRATION

Aim of the Unit

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

- Understand key organisational procedures
- Process exceptional and further additional payments
- Make termination payments.
- Administer pension deductions
- Calculate Directors National Insurance contributions
- Perform end of month procedures
- Process benefits in kind and expenses for
- Perform end of Year procedures
- Prepare payroll related Management Reports.
- Understand confidentiality, security and other statutory legislation

Prior Knowledge and Skills Requirements

Before starting a course of study or training leading to the assessment for this unit, it is assumed and is advisable that the candidate has already acquired the knowledge and skills as specified in the IAB Level 2 Certificate in Payroll

Learning Outcome	Assessment Criteria
3.1.1 Understand key organisational procedures	<p>Understand the flow of information within the organisation relating to payroll</p> <p>Understand the procedures to adopt when discrepancies and queries occur between the following, and how to solve them:</p> <ul style="list-style-type: none">• Management and Payroll Office• Payroll personnel and employees• Payroll personnel and Accounting personnel <p>Understand the treatment of documentation in line with legislation and organisational practice.</p>
3.1.2 Process exceptional and further additional payments	<p>Understand that allowances and enhancements should be correctly identified for Income Tax and National Insurance Contributions</p> <p>Be able to calculate exceptional payments, both temporary and permanent, in accordance with organisational requirements, within the required timescale i.e. one-off bonuses and ex-gratia payments</p> <p>Be able to calculate the necessary Income Tax and National Insurance Contributions (NIC) using the HMRC Calculators, in respect of:</p> <ul style="list-style-type: none">• Lump sum payments• Out of synch payments

<p>3.1.3 Make Termination Payments</p>	<p>Understand the payroll implications of legislation relating to redundancy and ensure all documentation is checked for compliance with statutory requirements.</p> <p>Understand the organisational position on redundancy and ensure all documentation is checked for compliance with organisational requirements. Ensure confidentiality at all times and the need to Inform all relevant external agencies of the employees being made redundant, i.e. the pension body</p> <p>Be able to calculate accurately the length of reckonable service, age and value of a week's pay in line with statutory rules and procedures</p>
<p>3.1.3 Make Termination Payments (continued)</p>	<p>Be able to:</p> <ul style="list-style-type: none"> • Apply the organisational enhancements to the statutory payment accurately • Apply redundancy payments to the payroll, accurately calculating the appropriate income tax due. <p>Understand what is meant by Restrictive Covenants.</p>
<p>3.1.4 Administer Pension Deductions</p>	<p>Understand what pension deductions can be made from pay and the authority needed.</p> <p>Understand an overview of different types of pensions:</p> <ul style="list-style-type: none"> • Occupational pension schemes • Personal Pension Plans • Final Salary Schemes • Money Purchase Schemes • Salary Sacrifice <p>Understand the terms 'Additional Voluntary Contributions (AVC's)' and 'Freestanding AVC's' (FSAVC's).</p> <p>Understand the management of the pension fund from within the organisation.</p> <p>Understand the meaning of, and current legislation relating to SERPS/S2P</p> <p>Be able to verify, reconcile and complete a Pension Return.</p>
<p>3.1.5 Calculate Directors National Insurance Contributions</p>	<p>Understand, and be able to calculate the National Insurance contributions due from Directors of the organisation in the following situations:</p> <ul style="list-style-type: none"> • A new director as at the start of the tax year • A current director • A new director commencing during the tax year. <p>Be able to use the either of the following methods of calculating NIC due accurately:</p> <ul style="list-style-type: none"> • Exact Percentage • HM Revenue & Customs Calculator on HMRC CD Rom.

<p>3.1.6 Perform End of Month procedures</p>	<p>Know and understand the deadlines, requirements and the procedures for the following and make the relevant calculations:</p> <ul style="list-style-type: none"> • Reconciliation of cumulative pay records to month end balances • Reconciliation of tax and NIC with payments made to the Collector of Taxes • Reconcile the total value of basic and supplementary payment contributions with the total taxable net pay for each employee • Monthly and quarterly payments to the Collector of Taxes • Payment of all NICs to date <p>Be able to complete Form P30b</p> <p>Be able to produce organisational reports and summaries for accounting purposes in a timescale agreed.</p> <p>Be able to complete the necessary forms using the HMRC CD Rom.</p>
<p>3.1.7 Process Benefits in Kind, and Expenses, for payroll</p>	<p>Understand the meaning of benefits in kind and identify the relevant expenses:</p> <ul style="list-style-type: none"> • Company Cars/ personal fuel use • Loans • Use of vans • Shares • Living Accommodation • Travel and Subsistence • Relocation packages • Hotels and entertaining • Tools, clothing, accommodation etc
<p>3.1.7 Process Benefits in Kind, and Expenses, for payroll (continued)</p>	<p>Understand the statutory and non statutory liability to income tax and National Insurance for employee and employer, and dispensations</p> <p>Understand the Income tax and NIC liability on personal benefits and expenses</p> <p>Be able to complete the following Statutory forms both manually and using the HMRC CD ROM:</p> <ul style="list-style-type: none"> • P11D • P11D(b) • P9D <p>Be able to produce internal reports in line with organisational requirement.</p>

<p>3.1.8 Perform End of Year procedures</p>	<p>Know and understand the deadlines, requirements and procedures for the following and make the relevant calculations:</p> <ul style="list-style-type: none"> • Reconciliation of cumulative pay records to year end balances • Reconciliation of tax and NI contributions (P11 Deductions sheets) with payments made to the Collector of Taxes (P30b) • Reconcile the totals of basic and supplementary contributions (AVC's and FSAVC's) with the taxable net pay for each employee <p>Be able to extract information from Weekly/ Monthly working sheets to compile Year end returns to HMRC:</p> <ul style="list-style-type: none"> • P14/60 including provision to all employees • P35 • P11D's and P9D's • P38A/P38S <p>Be able to complete all year end forms and procedures using both manual routines and those covered by the HMRC CD Rom.</p> <p>Be able to provide information to employees under the self assessment regulations</p> <p>Be able to produce organisational reports and summaries for accounting purposes in a timescale agreed.</p>
<p>3.1.9 Prepare payroll related Management Reports</p>	<p>Be able to produce the payroll information required by the accounts office and management in relation to department or cost code:</p> <ul style="list-style-type: none"> • Gross pay • Statutory Payments • Voluntary deductions, • Net Pay • Employers NIC contributions • Employer pension contributions <p>Be able to calculate the total cost to the business of the payroll, including employer's costs.</p> <p>Understand the employer's liability to HMRC and other external organisations, including making/initiating payments to external bodies in accordance with organisational and statutory dates and procedures.</p> <p>Understand the importance of providing accurate data in respect of departmental analysis within the organisation and the need to reconcile payroll payments to (organisational) budgeted figures.</p> <p>Understand the need for regular and accurate filing of documents, returns and reports both internally and to HMRC by post, Government Gateway or using the HMRC CD Rom.</p> <p>Note: Ability to post information to double entry accounts is not required.</p>

<p>3.1.10 Understand Confidentiality Security and other Statutory Responsibilities</p>	<p>Know and understand</p> <ul style="list-style-type: none"> • The need for complete confidentiality of employee and employer information at all times • Employers' legal responsibility to forward all appropriate monies to all external agencies at the appropriate time and in line with organisational requirements. • The need to refer to the Inland Revenue for adjudication where information is incomplete or ambiguous • When assistance can be provided to the employee and when they should be referred to the Inland Revenue • The payroll implications of various Legislation, e.g. Data Protection Act 1998, Employments Rights Act 1996, Asylum and Immigration Act 1996, Health and Safety regulations, Attachment of Earnings and Aged-related regulations • The payroll implications of the European Working Hours Directive • The payroll implications of the Minimum Wage legislation • Make payments to non-statutory bodies in line with their organisational requirements <p>Be able to ensure that the correct authorisation is obtained before releasing information</p> <p>Be able to communicate and make reports in the require format, i.e. hand written, by telephone, email, fax, letters, memos and face to face.</p>
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UNIT ASSESSMENT

The examination of this single unit qualification will be of 2 hours and 30 minutes 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.