

### Income - Salary - Wage

Gross annual salary  
Amount you would before tax

### Income Tax PAYE

It is charged at 2 rates



### Standard Rate Cut off Point SRCOP

Amount a person can earn and only be charged at the lower rate of tax

### Amount charged at the higher rate of tax

$$\text{Gross Wage} - \text{SRCOP} = \text{Balance}$$

Balance is charged at the higher rate of tax

Gross Tax : Standard rate amount + Higher rate amount.

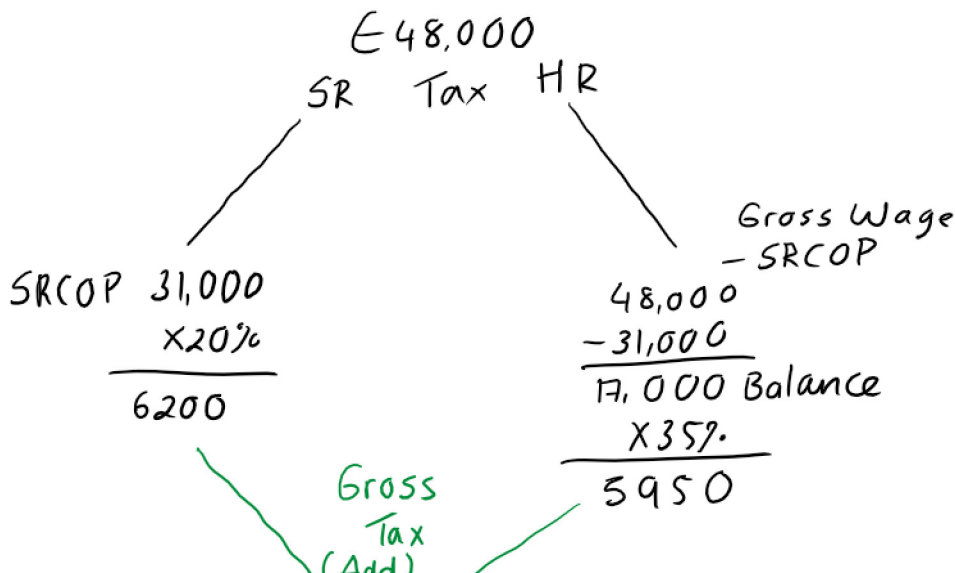
Tax credits : Gross Tax

- Tax Credit

Net Tax or Tax payable : Amount of tax paid.

Take home pay : Gross wage - Net tax  
Net income

Eg1) Linda has a gross salary of €48,000 and her standard rate cut of point is €31,000. The standard rate of tax is 20% and the higher rate is 35%. She has tax credits of €4950. Work out her net income tax.



$$\begin{array}{r}
 \text{Gross Tax (Add)} \quad 5950 \\
 \swarrow \quad \searrow \\
 6200 + 5950 \\
 = 12150 \text{ Gross Tax} \\
 \leftarrow 4950 \text{ Tax credits} \\
 \hline
 \text{€ } 7200 \text{ Net tax}
 \end{array}$$

Take home pay  $48,000 - 7200 = \text{€ } 40,800$

New pg 73 Q7 / OLD pg 59 Q8.

Angela Gross Wage €46000  
 SRCOP €28,000  
 Tax credit €3200  
 SR = 20% } rate of tax  
 HR = 42% }

