

## **Social Insurance In EasyPay**

EasyPay will automatically calculate Social Insurance on payslips, using the employee's designated social insurance code.

### **Employee's Social Insurance Code**

Social insurance codes for each employee are provided by the Social Insurance department in a letter at the start of the year.

For employees which join your organisation, or change code, during the year, the employer will be sent a P3 form detailing the employee's social insurance and tax code shortly after they register with the tax office.

### **Different Social Insurance Codes**

The list of the possible social insurance codes, and how these may be calculated manually, are available on the Gibraltar Tax Office website at <https://www.gibraltar.gov.gi/income-tax-office/employers-and-trusts/employers>

The link "**Social Insurance Class**" provides a link to a table detailing the current rates.

The link "**Notes for guidance of employers**" provides a link to a useful document about the use of the official tax tables and the calculation of social insurance. We recommend that all employers review this document.

There are also links on this page to the Official Tax Tables which allow you to look up the tax and social insurance manually for a given level of earnings.

EasyPay automatically calculates the social insurance and tax automatically. It can be useful to refer to the official Tax tables if you have

### **Assigning Social Insurance Codes to Employees**

The employee's designated social insurance code can be assigned in their employee record, under the payroll tab.

EasyPay will then assign to this code automatically to future payslips.

### **Social Insurance & Payslips**

When you start a new payslip for an employee, the system will automatically assign the social insurance code to the payslip. The system will refer to the employee's record to determine which social insurance code to apply.

The system by default will assume that the employee has worked the entire payslip period and assign the social insurance code against the weeks of the tax year that fall within the payslip.

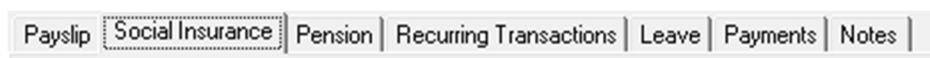
If the employee has worked the entire payslip period then there is nothing to do. EasyPay will automatically calculate the social insurance contribution using the rules which apply for that period.

## Adjusting Social Insurance

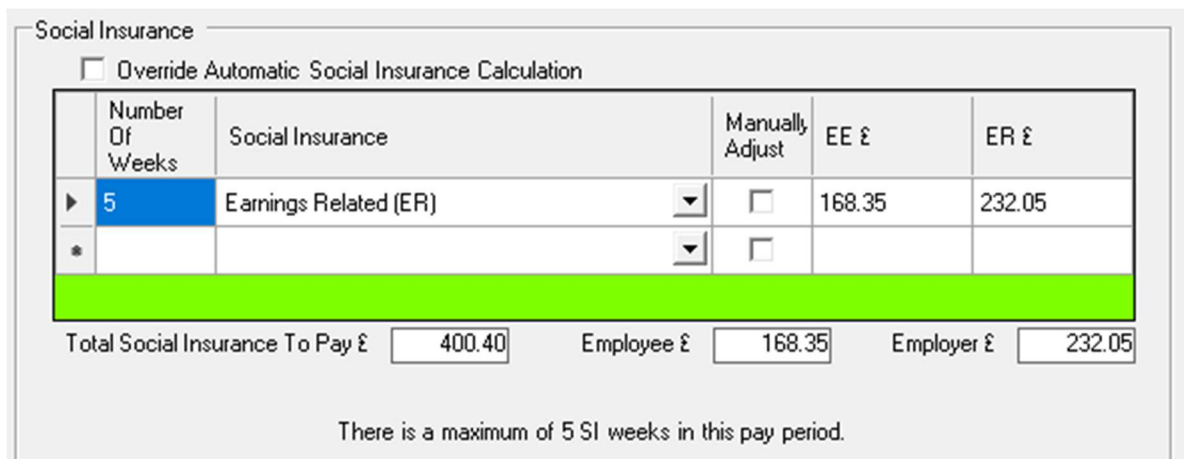
If the employee did not work a full month, or changed social insurance code during the month, then it may be necessary to manually adjust the social insurance on the payslip.

*Note: By default EasyPay does not automatically adjust the social insurance for people who did not work a full month. EasyPay does have the feature to do this, but this feature is turned off by default. This feature is called the Starters / Leavers Calculation routine. If you are interested in using this feature please refer to the EasyPay manual for more information about how this routine works and how to turn it on.*

To make changes to social insurance on a payslip, you would click on the social insurance tab of the payslip.



This will display the following table:

A screenshot of the 'Social Insurance' section in the EasyPay interface. At the top, there is a checkbox labeled 'Override Automatic Social Insurance Calculation'. Below this is a table with the following columns: 'Number Of Weeks', 'Social Insurance', 'Manually Adjust', 'EE £', and 'ER £'. The first row shows '5' weeks for 'Earnings Related (ER)' with a 'Manually Adjust' checkbox. Below this is a row with an asterisk '\*' and empty fields. A green bar highlights the bottom section of the table. Below the table, there are three summary boxes: 'Total Social Insurance To Pay £' with the value '400.40', 'Employee £' with '168.35', and 'Employer £' with '232.05'. At the bottom, a note states: 'There is a maximum of 5 SI weeks in this pay period.'

To override the default social insurance calculation and make changes to the table, click the override button at the top.

## Payslip Social Insurance Weeks

The first point to note is the number of weeks of social insurance that make up this payslip. There is text at the bottom of the table which indicate the number of social insurance weeks that fall within this pay period.

Each week of social insurance relates to a week in the social insurance calendar. As expected, there are 52 social insurance weeks in the Gibraltar Tax Year.

For a monthly payslip, there are 4 or 5 weeks of social insurance depending on the month. To identify whether the month is a 4- or 5-week month, you would refer to the Social Insurance Calendar which is found in the **“Notes for guidance of employers”**

**Note:** For a Weekly payslip, there would be 1 week of social insurance. Similarly, for Fortnightly 2 weeks; Four-Weekly 4 weeks; and Annual Salary 52 Weeks.

## Adjusting the payslip social insurance table

By default, the system will calculate social insurance for the whole payslip period.

In the example below, social insurance is calculated for the 5 weeks of the monthly payslip.

Social Insurance

☐ Override Automatic Social Insurance Calculation

	Number Of Weeks	Social Insurance	Manually Adjust	EE £	ER £
▶	5	Earnings Related (ER)	<input type="checkbox"/>	168.35	232.05
*			<input type="checkbox"/>		

Total Social Insurance To Pay £ 400.40    Employee £ 168.35    Employer £ 232.05

There is a maximum of 5 SI weeks in this pay period.

The most common reasons for amending the social insurance table are:

1. Employees who do not work the full period e.g. starters, leavers, unpaid leave
2. Social insurance code changes during the period e.g. Maternity, Pension.

### 1. Employees who do not work the full period e.g. starters, leavers, unpaid leave

If an employee starts or leaves during the period, or has unpaid leave, then they may not work all the social insurance weeks that are assigned to the payslip.

Note: To determine how many weeks you would refer to the Social Insurance Calendar which is found in the “**Notes for guidance of employers**”

For the weeks that they did not work, you would assign the “**No income this week**” social insurance type.

For example, if they did not work the first two weeks of the payslip month, you would enter as follows:

Social Insurance

☒ Override Automatic Social Insurance Calculation

	Number Of Weeks	Social Insurance	Manually Adjust	EE £	ER £
	2	No income this week	<input type="checkbox"/>	0.00	0.00
▶	3	Earnings Related (ER)	<input type="checkbox"/>	116.55	160.65
*			<input type="checkbox"/>		

Total Social Insurance To Pay £ 277.20    Employee £ 116.55    Employer £ 160.65

There is a maximum of 5 SI weeks in this pay period.

It is important to note that the social insurance weeks are applied to the payslip in order (i.e. top down). In this example the first two weeks are not worked of the payslip.

If instead you wanted to reflect that the last two weeks of the payslip are not worked, then you would enter as follows:

Social Insurance

☒ Override Automatic Social Insurance Calculation

	Number Of Weeks	Social Insurance	Manually Adjust	EE £	ER £
	3	Earnings Related (ER)	<input type="checkbox"/>	116.55	160.65
▶	2	No income this week	<input type="checkbox"/>	0.00	0.00
*			<input type="checkbox"/>		

Total Social Insurance To Pay £  Employee £  Employer £

There is a maximum of 5 SI weeks in this pay period.

If you wanted to reflect that the third week of the month was not worked, then you would enter as follows:

Social Insurance

☒ Override Automatic Social Insurance Calculation

	Number Of Weeks	Social Insurance	Manually Adjust	EE £	ER £
	2	Earnings Related (ER)	<input type="checkbox"/>	77.70	107.10
	1	No income this week	<input type="checkbox"/>	0.00	0.00
▶	2	Earnings Related (ER)	<input type="checkbox"/>	77.70	107.10

Total Social Insurance To Pay £  Employee £  Employer £

There is a maximum of 5 SI weeks in this pay period.

## 2. Social insurance code changes during the period e.g. Maternity, Pension.

Similarly, if the social insurance code changes mid-month, you will need to manually adjust the table.

A common reason that this happens is that a woman will go on maternity leave and may receive a number of weeks of additional pay at either full pay or half pay. The number of paid weeks varies depending on the policy of the employer. For each additional week of pay that they receive, you would assign the **Maternity Credit** social insurance code. ("MC") as they are entitled to be exempt from social insurance payments.

*Note: Maternity Credits ("MC") can only be applied if the employee has made a successful application to the social insurance department. For more information there is a booklet available from the Gibraltar Social Insurance department. A maximum of 18 weeks can be claimed by the employee in a tax year. During the 18 weeks, the social insurance contribution for both employer and employee is reduced to zero.*

In the example below, the employee has gone on Maternity leave in the 5<sup>th</sup> Week of the month.

Social Insurance

☒ Override Automatic Social Insurance Calculation

	Number Of Weeks	Social Insurance	Manually Adjust	EE £	ER £
	4	Earnings Related (ER) ▾	<input type="checkbox"/>	155.40	214.20
▶	1	Maternity Credit (MC) ▾	<input type="checkbox"/>	0.00	0.00
*		▾	<input type="checkbox"/>		

Total Social Insurance To Pay £  Employee £  Employer £

There is a maximum of 5 SI weeks in this pay period.

## Other adjustments

When making adjustments always take care to:

1. Always assign the social insurance code provided to you by the Social Insurance department by letter or on the Employee's P3 form. If this code does not match, the Gibraltar Tax Office will reject the end of tax year submission (P8).
2. If an employee turns 60 years of age during the payslip period, the social insurance code "**Pensioner Working**" ("PN") needs to be assigned.
3. Never add more social insurance weeks than there are in the payslip period.
4. Never assign more than 18 weeks of Maternity Credit.
5. Do not override the automatically calculated amounts. We do not recommend using this legacy feature unless you contact EasyPay Support. This feature is only available for specific scenarios. This is because if a social insurance payment for a particular week does not match the expected social insurance calculation amount, the Gibraltar Tax Office will reject your end of year submission (P8).