



Institute of Certified Bookkeepers

Level III Diploma in Payroll Management

Level II Certificate in Bookkeeping

Level III Diploma in Payroll Management

Course Code P3

Introduction

The Level III Diploma in Payroll Management covers the theoretical knowledge and demonstration of the use of various tables and publications issued by HMRC and the demonstration of how to carry out computerised handling of payroll related matters.

Occupational Role and Qualification Aims: Payroll Agent

Upon completion of this qualification candidates will be able to carry out the role of a Payroll Agent, offering payroll services to small businesses, or as an employed Payroll Clerk.

Pre requisites

No prior bookkeeping knowledge is assumed at this level but candidates must have basic numerical skills.

Assessment and Grading

The testing of knowledge and skills for the qualification will comprise one online assessment, which is taken in the candidate's home or place of work. The assessment involves online questions covering the underpinning knowledge of the subject, the manual calculation of assorted payroll computations plus a computerised section which involves the setting up and running of a payroll for a period of up to eight weeks for a small business with less than 10 employees.

The full qualification will be graded at Distinction, Merit or Pass

Because the assessment is taken at home or at the place of work, it will be graded as follows:

Distinction	95 -100%
Merit	90 - 94%
Pass	85 - 89%
Fail	0 - 84%

CPD Points

On successful completion of this qualification you will automatically be credited with 15 structured and 15 unstructured points on your CPD record.

Topic 1 - Underpinning Knowledge

Learning Outcome	Assessment Criteria
1.1 Demonstrate knowledge and understanding of the theory of payroll	<ul style="list-style-type: none">• Demonstrate a basic understanding of the law relating to payroll, discrimination, employment status, data protection and confidentiality.• Understand and explain the legislation for PAYE and National Insurance Contributions (NICs)• Understand and explain the requirements of the Working Time Directive• Demonstrate an understanding of the Statutory Minimum Wage• Demonstrate an awareness of the legislation concerning the provision of a pension scheme and the different types of pension schemes together with the effect they may have on PAYE and NI deductions• Demonstrate understanding of the schedule of submissions to HMRC under the "Real Time Information" (RTI) scheme• Understand how a business may receive recompense for statutory payments including the effect of Small Employer's Relief and when this may be applied• Understand what information must be submitted to HMRC and the relevant deadlines that apply

Topic 2 – Calculation of Gross Pay

Learning Outcome	Assessment Criteria
2.1 Demonstrate knowledge and understanding of, and be able to calculate, the various payments that can make up an employee's Gross Pay	<ul style="list-style-type: none">• Calculate the correct gross pay for each pay period for employees who are paid an annual salary, weekly wage, hourly pay, overtime, piecework and bonuses including statutory payments when appropriate• Understand and explain statutory payments of sickness, maternity, paternity and adoption pay• Understand the procedures to use when an employee is paid in advance for a period to be taken as paid holiday

Topic 3 - National Insurance Contributions

Learning Outcome	Assessment Criteria
3.1 Show knowledge and understanding of, and be able to calculate through the use of tables the amount of National Insurance Contributions that will be deducted from gross pay	<ul style="list-style-type: none">• Understand and explain the difference between contracted in and contracted out NI contributions• Use appropriate tables/calculators to determine the NI contributions for a gross pay figure• Using the current legislation, calculate the NI contributions• Be able to correctly calculate the NICs for an employee being paid for periods (such as holidays) in advance

Topic 4 – Pay As You Earn

Learning Outcome	Assessment Criteria
4.1 Show knowledge and understanding of the concept of PAYE, together with the use of tax codes to correctly calculate the amount of PAYE to be deducted in a given period	<ul style="list-style-type: none">• Understand how tax codes are calculated and applied• Given a tax code to be applied, be able to calculate the amount of free pay that an employee may earn in any given period• Determine the amount of pay that is taxable for an employee with a given tax code• Determine the correct amount of PAYE to be deducted for a given period• Calculate the amount of PAYE to be deducted when an employee is being paid in advance• Understand how to deal with notifications of change in tax code issued by HMRC (Forms P6 and P9)

Topic 5 – Other Statutory deductions

Learning Outcome	Assessment Criteria
5.1 Show knowledge and understanding of other statutory deductions that can be applied to an employee's pay	<ul style="list-style-type: none">• Demonstrate understanding of the process used to repay student loans• Determine the correct deduction towards repayment of a student loan• Understand when and how an attachment of earnings may be used

Topic 6 – Directors	
Learning Outcome	Assessment Criteria
6.1 Show knowledge of the rules applying to directors in a payroll situation	<ul style="list-style-type: none"> • Demonstrate understanding of the requirement for directors NI deductions to be treated differently from ordinary employees • Correctly calculate the NI deductions for directors using the "Non-Cumulative" ("Alternative" or "Table method") and the "Cumulative Director method"

Topic 7 – Benefits in Kind (BIK)	
Learning Outcome	Assessment Criteria
7.1 Demonstrate a knowledge of the rules regarding benefits in kind	<ul style="list-style-type: none"> • Understand the concept of BIK and the impact it has on an employee's pay and their employer's costs • Calculate the appropriate costs and deductions for tax purposes when an employee is provided with the following benefits by their employer: company car, private fuel, loan, private health insurance, other common basic benefits assuming all required details are provided • Understand how to complete all relevant forms with details relating to the above benefits and the deadlines by which they must be submitted • Understand the relevant of payrolling benefits in kind • Understand the effect of recovering tax due through a change of tax code

Topic 8 – Construction Industry Scheme

Learning Outcome	Assessment Criteria
<p>8.1 Demonstrate a knowledge of the rules governing the payment and deductions that apply to contractors and sub-contractors within the Construction Industry</p>	<ul style="list-style-type: none"> • Understand and explain the basic principles behind the Construction Industry Scheme (CIS). • Understand the duties of a contractor to verify sub-contractors • Correctly calculate the amount of tax to be deducted if applicable • Understand how to make appropriate adjustments to payments to HMRC for CIS tax • Accurately complete relevant forms at month-end for a contractor and a sub-contractor business in the construction industry • Understand the duties of a sub-contractor to submit relevant invoices within appropriate timescales • Explain why tax may be deducted at source from such an invoice • Understand the different methods of reclaiming tax deducted depending on the legal entity of the business (ie sole trader v limited company)

Topic 9 – Use of Payroll Forms

Learning Outcome	Assessment Criteria
9.1 Understand the use of the various forms that are used within a payroll system	<ul style="list-style-type: none">• Understand when and how to complete a P45 form and where each part should be sent / stored• Demonstrate an understanding of how a starter checklist form is completed and used• Demonstrate an understanding of the use of form P11 with payments and deductions for directors and regular employees on various payment schedules, statutory requirements and with differing tax codes including when payments are being made in advance• Accurately produce a P60 form at year-end for each employee• Demonstrate an awareness of all other relevant payroll forms

Topic 10 - Demonstrate practical skills in the application of a payroll package

Learning Outcome	Assessment Criteria
<p>10.1 Understand and be able to complete the various forms that apply to a business running a payroll system</p> <p>Scenarios may include but are not limited to:</p> <p>a) Making advance payment of holiday pay to an employee</p> <p>b) Making a bonus payment to a defined range of employees</p> <p>c) Configuring an attachment of earnings</p> <p>d) Setting up a pension scheme for a range of employees.</p> <p>e) Making Statutory payments for Sickness, Maternity, Paternity, Adoption</p> <p>f) Processing a change to an employee's tax code or basis under which a tax code operates</p> <p>g) Configuring deductions of student loan repayments</p>	<ul style="list-style-type: none"> • Utilising knowledge of the theory of payroll, demonstrate a full understanding of a sophisticated payroll package by installing, setting up, configuring and using it to produce accurate, comprehensive reports from a range of payroll scenarios encountered in a business of up to 10 employees. • Set up the details of a new business including appropriate company and existing employee details. Some existing or new employees may be directors who undertake to have their NI deducted using different methods or employees who work irregular hours. Enter and process payroll for a variety of different pay periods and produce reports detailing gross pay, deductions and net pay for each period • To adequately secure the business' payroll data, carry out periodic back-ups of payroll-related information. • Produce summary reports for defined periods • Perform the necessary actions within the software to handle an employee leaving and produce the required documentation • Configure a new employee within the software according to information provided • Where possible, carry out or simulate a month end procedure under RTI and produce a number of required reports including potential adjustments resulting from CIS deductions and any other recoverable amounts. <i>Note: under the new RTI scheme it is impossible to produce the month end information unless you are using a live business. Be prepared to be able to show what information would be submitted or to explain how this would work</i> <p><i>Note: the 'Basic PAYE Tools' package provided by HMRC does not offer the level of sophistication required to cover this part of the syllabus.</i></p>



The Institute of Certified Bookkeepers
122-126 Tooley Street
London, SE1 2TU
Telephone 020 7856 2567
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www.bookkeepers.org.uk