

Intermediaries and investment
professionals only: not for public
distribution

August 2018

Payslip requirements guide

What should you be looking out for?

Sample Company plc 1				
Employee no.	Employee	Payment date	Tax period	National insurance no.
123456	John Michael Smith 2	28.03.2017 3	12	AB 12 34 56 C

Payments	Amount
Basic pay	2,933.00
Car allowance	458.00
Overtime	104.00
Annual bonus 4	1,310.23

Deductions	Amount
Income tax	728.31
National insurance	385.56
Company pension	147.00
Childcare vouchers	100.00
Student loan	279.29

Totals for this period	
Total payments	4,805.23
Total deductions	1,640.17
Net pay 5	3,165.06

Totals YTD 6	
Taxable gross pay	29,286.23
Income tax	5,857.25
National insurance	3,786.32

All figures are for illustrative purposes

- 1 Must show an employer's name. If it doesn't, we need the latest bank statement showing the salary credit with the employer's name or a copy of the latest P60 with the employer's name.
- 2 Name must match the name on the application. Please include middle names. If there's only an NI number, then we need a P60 showing the applicant's name and NI number **or** bank statement showing the salary credits.
- 3 Must show pay date or tax period. Must be dated no more than two months earlier than the application or five weeks earlier if customer paid weekly. This is unless the payslip is being used to evidence an acceptable type of other income, such as previous year's annual bonus.
- 4 For bonus, commission or overtime our affordability calculator works out how much of this income we can use. **Please see page two for more information.**
- 5 Must show net pay. If your client(s) have any deductions they would be prepared to cancel, should they experience any financial difficulties in the future, you need not include them in our affordability calculator and use the net income provided by the calculator.
- 6 Must show gross pay.

Online payslips are acceptable but payslips can't be handwritten or amended.

Bonus, commission or overtime

For bonus, commission or overtime, our affordability calculator will work out how much of this income we can use.

Primary income (we'll use 100%)	Secondary income (we'll use 65%)
<ul style="list-style-type: none">▪ Amounts are regular, consistent and not a short-term trend.▪ We use the lowest monthly payment from the last three months' payslips x12.▪ If there's a difference in the amounts on the payslips and the YTD figure, please explain in the 'General notes' section of Introducer Internet.	<ul style="list-style-type: none">▪ Amounts are regular but inconsistent.▪ We'll use an average from the last three months' payslips x12.
Monthly – latest three months' payslips.	
Weekly – latest four weeks' consecutive payslips plus one payslip from each of the last two months showing the bonus/commission/overtime payment.	

Bonus, commission or overtime paid less often than monthly:

Secondary income (we'll use 65%)
Quarterly – three payslips showing the last three bonus or commission payments.
Annual – one payslip no more than two months old plus most recent payslip showing bonus or commission payment plus previous payslip or P60 showing the payment in the previous tax year.

Payslip deductions

Payslip deductions where the applicant confirms the deduction is discretionary, may be **excluded** from our affordability assessment. This is subject to confirmation in the 'General notes' section in Introducer Internet.

Discretionary deductions	Non-discretionary deductions
<p>Examples include:</p> <ul style="list-style-type: none">▪ Additional voluntary pension contributions▪ Sharesave▪ Employee share schemes▪ Give As You Earn (GAYE)▪ Private healthcare	<p>Examples include:</p> <ul style="list-style-type: none">▪ Student loans▪ Company pension contributions▪ Season ticket loans▪ Childcare vouchers
<p>The applicant will need to confirm that they're prepared to cancel all discretionary payslip deductions in the future if they experience financial difficulties. This will need to be confirmed in the 'General notes' section in Introducer Internet.</p>	<p>Non-discretionary deductions can't be excluded from the affordability assessment. We don't accept applications where the customer advises they'll cancel these deductions to support affordability.</p>

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