

4 REASONS WHY EMPLOYERS SHOULD Go Gross

Gross

The total amount an employer pays their employee before any deductions (e.g. tax, national insurance or pension contributions).

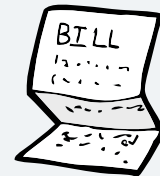
Net

The amount the employee receives each payday after deductions - their 'take home pay'.



Budgeting

Employers can budget for hiring a nanny more effectively as a gross salary includes tax, NI and pensions. When a net salary is agreed, the employer may end up paying far more than they anticipated.



Employer is liable

Gross also protects the employer's costs. If the nanny is on a net salary, the employer is liable to cover any of the nanny's unpaid tax from previous jobs, child maintenance or court order payments and student loan.



Pensions

Employers who have contracted their nanny's salary in net terms will also have to pay the nanny's pension contributions. When a gross salary is agreed the employer will only pay theirs.



HMRC

Agreeing a gross salary will make an employer's legal duties much simpler. HMRC only talk in gross terms so a net salary may cause complications when operating a PAYE scheme and declaring tax.