

*PAYE – Calculation for Monthly Salary*

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**Monthly Salary:** \$75,000  
**Pension:** \$3,750 (5% of salary)  
**Threshold:** \$796,536 (effective threshold for Jan – Dec 2016)  
**Monthly threshold:** \$796,536 / 12 = 66,378

Keisha Johnson is an employee with a monthly salary of \$75,000 for year of assessment 2016 and contributes 5% to a pension scheme. Her liability for income tax etc. is calculated as follows:

<b>GROSS INCOME / EMOLUMENTS</b>		<b>75,000.00</b>	
NIS ( 2.5% of gross income – maximum \$37,500 annually)	1,875.00		
Pension ( 5% of emoluments )	<u>3,750.00</u>		
		- 5,625.00	
<b>Statutory Income</b>			<b>69,375.00</b>
<b>Tax Liability</b>			
Statutory income – monthly threshold x 25% (69,375 – 66,378) x 25%	749.25		
Total Income Tax Liability		749.25	
<b>Other Deductions</b>			
NHT (2% of gross pay)	1,500.00		
Education Tax (2.25% of gross pay less NIS & Pension)	1,560.94		
		<u>3,060.94</u>	
<b>Total deductions</b>			<b>- 3,810.19</b>
<b>Net Pay</b>			<b>65,546.81</b>

**Note:** NIS and Pension contribution is subtracted before Income Tax and Education Tax is calculated

Figures explained

**66,378** is the monthly threshold (Annual Threshold divided by 12 gives monthly threshold 796,536 / 12 = 66,378)

**69,375** is the statutory income (Gross Income Less Allowable Deductions such as contributions for NIS, Approved Pension and Employees Share Ownership Plan (ESOP))

**Monthly Salary:** \$75,000  
**Pension:** \$3,750 (5% of salary)  
**Threshold:** \$592,800 (threshold for Jan – Jun 2016) \*previous threshold  
**Monthly threshold:** \$592,800 / 12 = 49,400

Keisha Johnson is an employee with a monthly salary of \$75,000 for year of assessment 2016 and contributes 5% to a pension scheme. Her liability for income tax etc. is calculated as follows:

<b>GROSS INCOME / EMOLUMENTS</b>		<b>75,000.00</b>	
NIS ( 2.5% with a ceiling of \$1,500,000 )	1,875.00		
Pension ( 5% of emoluments )	<u>3,750.00</u>		
		- 5,625.00	
<b>Statutory Income</b>			<b>69,375.00</b>
<b>Tax Liability</b>			
Statutory income – monthly threshold x 25% (69,375 – 49,400) x 25%	4,993.75		
Total Income Tax Liability		4,993.75	
<b>Other Deductions</b>			
NHT (2% of gross pay)	1,500.00		
Education Tax (2.25% of gross pay less NIS & Pension)	1,560.94		
		<u>3,060.94</u>	
<b>Total deductions</b>			<b>- 8,054.69</b>
<b>Net Pay</b>			<b>61,320.31</b>

