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Salaries and wages

Salaries= paid monthly by Cheque

Wages= paid weekly by cash

Gross salary/wage: before deductions have been removed

Net salary/wage: after deductions have been removed

Deductions:

- Pension fund- money put away for when you get older.
- PAYE- is pay as you earn and a tax paid to SARS. Is calculated by going gross salary/wage minus pension fund (this is also known as taxable income) you the work out the given percentage.
- Taxable income- gross salary/wage minus pension fund. Because you get taxed on your pension when it gets used.
- Medical aid- voluntary deduction. Not all work places offer this.
- UIF- payed to SARS and is used in the case of the employee losing their job. It is available for a max of six months after losing your job.

Payments on behalf of the employer:

- These payments don't have a set amount and differ from business to business.
- Pension fund
- Medical aid fund
- UIF
- Skills development fund- a fund that the employer pays to improve the skills of the employee.

How to enter in the general ledger:

Deductions:

- Debit: Salaries/wages (contra account is gross salary/wage)
- Credit: creditors for salaries/wages; SARS (PAYE); pension fund; medical aid fund; UIF; skills development levy. (Contra account for these is salaries/wages.)

Contributions:

Contra account for each is the debit or credit they are with.

- Debit: Pension fund contributions
- Credit: pension fund

- Debit: medical aid fund contribution
- Credit: medical aid fund

- Debit: UIF contribution
- Credit: UIF

- Debit: skills development levy contribution
- Credit: skills development levy

Account classifications:

Liabilities- pension fund; medical aid fund; UIF; skills development levy; SARS (PAYE); creditors for salaries/wages.

Expenses- Salaries/wages; pension fund contribution; medical aid contribution; UIF contribution; skills development levy contribution.

Extra notes:

Maximum deduction for UIF is R124.78

A piecemeal wage is a wage earned according to the number of units you make. Example: R2 per pen. You make 100 pens. Therefore, you get paid R200.

When you pay any of these they go on the minus side and the contra account is ALWAYS BANK!!!