

PAYMENT OF WAGES

- (a) To pay net wages , use the *bank payments* routine . This is effectively performing the following journal

DR	Wages	(a/c ⁷⁰⁰⁰ ~~7100~~)	X
CR	Bank		X

(b)

- If the PAYE and NI **HAVE BEEN PAID** , then to account for the payment of the tax and NI to the Inland Revenue , use the *bank payments* routine again , which is effectively the following journal

DR	PAYE and Employer's NI	(a / c ⁷⁰⁰⁰ ~~7100~~)	X
CR	Bank		X

- If the PAYE and NI **HAVE NOT BEEN PAID** , then to account for the amount of the tax and NI owed to the Inland Revenue , use the *nominal and journals* routine , and post the following journal

DR	PAYE and Employer's NI	(a / c ⁷⁰⁰⁰ ~~7100~~)	X
CR	tax creditor (a / c 2210)		X

When the PAYE and NI are actually paid in the following month , use the bank payments routine and a / c 2210 will be the appropriate nominal code as we are paying off the creditor set up in month 1