



# Shorter Working Year Pro Rata Calculation

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## Shorter Working Year (SWY) Pro Rata

- SWY is always unpaid leave.
- If you choose to take SWY on a pro rata basis, the payment you receive while out on leave is not salary, it is an allowance that is merely facilitated by making deductions through payroll.
- SWY payments for employees who have applied for SWY on a pro rata basis are calculated on the first pay period of the year.
  - These calculations are based on the employee's gross pay less deductions.
  - A number of different variables affect the SWY calculation including, the rate of pay, pay multiplier, tax credits and voluntary deductions, and so forth.

### How is my SWY pro-rata calculated?

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- The payroll system automatically calculates the SWY Deduction and SWY Allowance based on the first pay period of the year.
- For example in the year 2023 this will be period 2023/01 for weekly paid employees and period 2023/02 for fortnightly paid employees.
- Your SWY deduction value can change from year to year even if you are availing of the same number of weeks off the payroll, as stated above there are many variables such as your rate of pay, pay multiplier, tax credits and voluntary deductions which may have changed from the previous January.

### SWY Deduction

- The SWY Deduction is the calculated amount of how much needs to be put aside each week you are at work to cover the period you are taking off work on SWY.
- The Deduction is spread across the weeks you are on the payroll between January and December to cover your SWY Allowance.



- You will notice the SWY Deduction will be visible on your payslip from the first pay period of the year to the end of the year - excluding the period you are availing of SWY.
- Your payslip can be accessed online via our payroll self-service which can be accessed 24/7 through our website [www.nssso.gov.ie](http://www.nssso.gov.ie)
- Please check your payslip regularly to ensure the SWY Deduction is deducted each pay period you are on the payroll.
- Please note that you will pay tax and other statutory deductions on your full salary (SWY deduction included) at this time.

## SWY Allowance

- The SWY Allowance is the amount you will receive while you are off work.
- As this is not salary you will not pay Tax, PRSI or any other statutory deductions on this allowance.
  - This is because you paid your Tax, PRSI etc. on your full salary when the deduction was taken. This is unpaid leave so no PRSI contribution is paid for the weeks you are availing of the unpaid leave.
- This SWY Payment/Allowance will apply any voluntary deductions you may have and give you a net pay similar to your net pay on the first pay period of the year, while you are availing of the period of SWY leave.
- All the monies that are deducted via the SWY Deduction are paid back via the SWY Allowance in full during your period of SWY leave.

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## Top Tips!

It's important to keep your first payment of the year regular as some of the following are examples of how the SWY Deduction/Allowance are affected if they are included in first pay period of the year:

- If you take a Parental Leave day (or any other unpaid leave that affects your rate of pay) it will reduce the SWY Deduction and SWY Allowance.
  - This would result in you receiving a lesser amount while you are availing of SWY.



- If you have Overtime on your first payment of the year, it will increase your SWY Allowance paid to you while you are off on SWY and it will increase the SWY Deduction you pay for the weeks you are on the payroll.
  - This would result in you receiving a lesser net pay for the weeks you are actually at work.

## How to calculate a SWY Deduction

As the SWY deduction is automated by the payroll system we are unable to provide any break down, however, we have provided a worked example below to demonstrate the principles applied by the Core Pay system when calculating the SWY Deduction and SWY Allowance.

## Example | How SWY payments are calculated for weekly paid staff

This is an example of how the SWY payments are calculated for a weekly paid employee availing of four weeks SWY.

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- Please note: this example is for approximate estimates only.

The calculation is based on the following information:

- Weekly Staff member receiving €500 Net Pay on first week of year and assumption that there are no changes to the work pattern to which this is based
- Tax paid each week is €50
- Availing of 4 weeks SWY with pro-rata option
- This means you are working for 48 weeks out of the 52 weeks and off pay for four weeks (52 minus 4).
- Tax refund is not withheld and you are on a cumulative tax basis
- All calculations subject to rounding



Core Pay system factors in any tax rebates in the calculation method.

- Annual net based on an assumption that this will continue therefore is €500 \* 48(weeks on payroll) = €24,000
- Evenly distribute net payment across the year, staff member would get €461.54 per week (€24,000 / 52).
- Factor in that the staff member will receive €50 back in tax each week they are off the payroll on SWY. Amount to be collected by way of a SWY deduction each week you are on the payroll = (€461.54 - €50 = €411.54) \* 4(number of weeks off pay) = €1646.16
- 4 weeks of SWY payments required to be collected over the 48 weeks(on the payroll) is €1646.16
- SWY Weekly Deduction therefore would be (€1646.16/48 as spread across 48 you are on the payroll) = €34.30
- SWY Weekly Allowance pro-rata payment (€411.54 + €50 Tax Rebate) = €461.54 paid each week for the four weeks you are off the payroll.

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If you were doing this yourself you would be putting €34.30 aside each week you are working to have when you are availing of four weeks off the payroll, €34.30 \*48 weeks = €1646.40.

€1646.40 over four weeks gives you €411.60 per week and your Tax Rebate of €50 results in €461.54 each week for the four weeks on SWY.

## What if my circumstances change at any time during the year?

As circumstances in one's pay may change during the year, for example, employee may come off payroll for a period, a balancing exercise is carried out by the PSS every November in which rectification will take place to ensure the SWY Allowance paid during the period of SWY absence is fully deducted.



## Important notice in relation to the first pay period of the year

- If you are off the payroll due to unforeseen circumstances on the first pay period of the year and you have applied for SWY pro rata, please contact your Local HR immediately.
- It's important to keep your first payment of the year regular as previously stated - your SWY Deduction and Allowance are calculated from this first pay period.