



## How tax and national insurance calculates at week 53

If you need to process a week 53, there's nothing that you need to do differently. Simply complete your payroll in the usual way dated 5 April before you process your payroll year end. Tax and national insurance (NI) are calculated as follows:

### Tax

To comply with government legislation, tax calculates using a week1/month 1 free pay allowance. This ignores previous pay and tax and calculates on a **non-cumulative basis**. Non-cumulative means that the employee's year to date figures aren't included in the tax calculation. Instead, at week 53, tax is calculated as if it's the first pay run of the tax year.

### National insurance

For employees, NI is calculated as in any other pay period, using the weekly, two weekly or four weekly thresholds, as appropriate.

For directors using the table method, their NI recalculates in week 52 cumulatively using the annual thresholds. It then calculates cumulatively again in week 53 still using the annual thresholds. For directors that use the year to date method, their NI for week 53 is calculated cumulatively as in any other pay period.

### Form P800

If you do need to process a week 53, the employee may receive a form P800 to notify them of an underpayment of tax. The underpayment arises due to the additional personal allowance given under a week 53 calculation, which protects the level of take home pay that the employee receives.