Penny Explains

Key Stage 3 · Years 7 to 9 | Work, pay and tax | About 40 minutes



How to read a payslip

What happens to your pay before it reaches your bank account?

Name _____ Class _____ Date _____ Score: / 36

I can...

- [ ] I can explain the difference between gross pay and net pay.
- [ ] I can name the main deductions on a payslip and say what they are for.
- [ ] I can work out pay from an hourly rate.

Key words

Gross pay: pay before anything is taken off.

Deductions: amounts taken out of your pay.

Net pay: take-home pay, after deductions.

Tax code: shows how much you can earn before paying Income Tax.

1 True or false?

5 points

Circle True or False.

Gross pay is your pay before anything is taken off.	True	False
Net pay is always bigger than gross pay.	True	False
Income Tax helps to pay for things like schools, roads and the NHS.	True	False
National Insurance builds your right to the State Pension.	True	False
The minimum wage is the same for every age.	True	False

2 Payslip quiz

3 points

Circle one letter for each question.

a) A tax code of 1257L means a worker can earn how much in a year before paying Income Tax?

(A) £1,257 (B) £12,570 (C) £125,700 (D) £2,000

b) Who takes the Income Tax out of a worker's pay and sends it to the government?

(A) The worker's bank (B) The worker's employer

(C) The worker (D) The local council

c) From what age can National Insurance be taken from a worker's pay?

(A) 11 (B) 13 (C) 16 (D) 21

3 Read Priya's payslip

8 points

Priya, 23, is a trainee vet nurse. Use her June payslip to answer the questions.



Penny says: Gross pay – deductions = net pay. Net pay is what you can actually spend.

Paws and Claws Vets Ltd · Payslip		Month: June 2026
Priya Shah · Tax code 1257L	**Payments**	**Deductions**
Basic pay	£2,000.00	
Income Tax		£190.00
National Insurance		£76.00
Pension		£74.00
Gross pay and total deductions	**£2,000.00**	**£340.00**
Net pay (paid into your bank)	**£1,660.00**	
A made-up payslip for practice. Tax year 2026 to 2027.		

a) What is Priya's gross pay? 1 mark

b) Which deduction is the biggest, and how much is it? 1 mark

c) Show how the total deductions are worked out. 2 marks

d) Show how Priya's net pay is worked out. 2 marks

e) What percentage of her gross pay does Priya take home? 2 marks

4 Paid by the hour

8 points

Priya's brother Sam, 16, has a Saturday job. He is paid **£8.00 an hour**.



Penny says: £8.00 an hour is the minimum wage for under-18s from April 2026. It is higher for adults.

a) Sam works 6 hours on Saturday. How much does he earn?

Working

Answer: _____

b) How much does Sam earn in a month of 4 Saturdays like that?

Working

Answer: _____

c) In the summer Sam works 15 hours a week for 6 weeks. How much does he earn?

Working

Answer: _____

d) Sam is saving for a £240 bike. How many hours must he work to earn it?

Working

Answer: _____

5 What would you do?

4 points

Read the story, then answer the questions.



Sam gets his first payslip. It shows **5 hours** for a Saturday when he is sure he worked **6 hours**. He is new, and he feels awkward about saying anything to his manager.

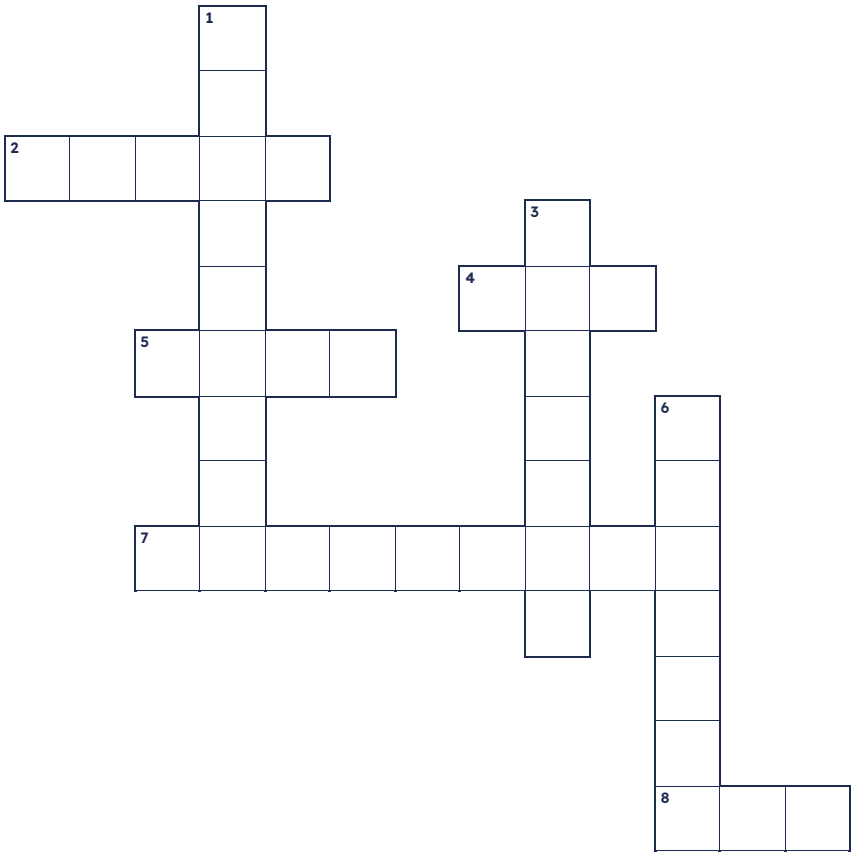
a) How much pay is missing? 1 mark

b) What would you do if you were Sam, and why? 3 marks

6 Payslip crossword

8 points

Use the clues to fill in the grid.



Across

2. Pay before anything is taken off (5)

4. Income ___ is paid to the government (3)

5. The minimum ___ is the least you can be paid per hour (4)

7. An amount taken out of your pay (9)

8. Pay after everything is taken off (3)

Down

1. National ___ builds your right to the State Pension (9)

3. The record of your pay from your employer (7)

6. Money saved up for when you stop working (7)

7 Before you go

One thing I learned today

One question I still have

How sure do I feel?

Not yet | Getting there | Got it

Take it home

Ask an adult at home if they will show you a payslip (they can cover the numbers). Can you find the **gross pay**, the **deductions** and the **net pay**?

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Figures for the 2026 to 2027 tax year. Education, not financial advice.