

Checking pay

Use the [National Minimum Wage and National Living Wage calculator on GOV.UK](#) to check if someone:

- is getting paid the National Minimum Wage or National Living Wage
- has been paid correctly in previous years

Calculating the minimum wage

On average, a worker must get the minimum wage for each 'pay reference period'. This is the period of time their pay covers, for example a week or a month.

You work out the average hourly rate using:

- 'gross' pay each time someone's paid – this is the total pay before tax and National Insurance (NI) are taken out
- how many hours someone worked for that pay

Example of working out average hourly rate

Sam's paid weekly and works 40 hours a week. Their weekly salary is £500 before tax is taken out. They're 24 years old and not an apprentice.

When you divide £500 by 40, their average hourly rate is £12.50. This is above the minimum wage for a worker aged 24.

Minimum wage for different types of work

The National Minimum Wage and National Living Wage are worked out as hourly rates. But they apply to all eligible workers, even if they do different types of work or are not paid by the hour. For example, if they are paid an annual salary.

If someone is not paid hourly, they need to work out their hourly rate. This is to check they are being paid minimum wage.

[Find out about working out minimum wage for different types of work on GOV.UK](#)

Payments that count towards the minimum wage

The National Minimum Wage is calculated on a worker's total pay before tax and National Insurance (NI) are taken out.

Payments that count towards the minimum wage include:

- basic pay
- incentive pay – if performance related
- [bonuses](#)
- [commission](#)

Example of including a bonus when checking pay

Pat is 22 years old and not an apprentice. They're paid weekly and work 40 hours a week. Their total weekly pay is £560 before tax is taken out. This includes a £100 bonus.

You need to use £560 as the starting point to work out if they're getting the minimum wage. When you divide £560 by 40, their average hourly rate is £14. This is above the minimum wage for a worker aged 22.

Parts of pay that do not count towards the minimum wage

Some parts of pay do not count towards the minimum wage. This includes:

- [tips and gratuities](#)
- premium payments – for example, extra pay for working bank holidays or overtime
- a loan from an employer
- a pay advance
- repayment of expenses
- redundancy pay
- 'benefits in kind' – for example, meal vouchers
- pay given up under a salary sacrifice arrangement – for example, childcare vouchers or a company car

Example – part of pay does not count towards the minimum wage

Alex is 22 years old and not an apprentice. They're paid weekly and work 40 hours a week.

Their total weekly pay is £540 before tax is taken out. This includes £100 in tips. You need to use £440 as the starting point to work out if they're getting the minimum wage.

When you divide £440 by 40, their average hourly rate is £11. This is below the minimum wage for a worker aged 22. The employer needs to pay at least £12.21 an hour not including tips.

Tasks that count as working time when calculating minimum wage

When calculating minimum wage, you can only include time spent on tasks that count as working time. This includes tasks like travelling to training and being on standby. It does not include things like holidays and travelling between home and your usual place of work.

[Find out more about the working hours for which minimum wage must be paid on GOV.UK](#)

What can be deducted from the minimum wage

An employer is allowed to make some deductions from pay. This could leave someone with less than the minimum wage in their take-home pay. This includes:

- tax and National Insurance contributions
- paying back an advance or overpayment
- pension contributions
- trade union fees
- a charge for accommodation provided by an employer – find out about [accommodation rates on GOV.UK](#)

What cannot be deducted from the minimum wage

Some pay deductions and work-related expenses must not reduce pay below the minimum wage.

These include deductions for:

- tools
- uniforms
- travel costs, except getting to and from work
- costs for [mandatory training courses](#)

For example, someone might be required to buy a uniform for work. This is allowed as long as their total pay minus the uniform cost is still above the minimum wage.

[Find out more about calculating the minimum wage on GOV.UK](#)