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The main difference between salary and wages lies in the fact that salary is fixed, i.e. it is predetermined and agreed between the employer and employee, while wages are not fixed, as it varies depending on the performance of the labour. This article presents you the important differences between salary and wages in tabular form. Content. Salary Vs Wages Comparison Chart Definition Key Differences Video Conclusion Comparison Chart Basis for ComparisonSalaryWage MeaningA fixed pay that an individual draws for the work done by him on an annual basis.A variable pay that an individual draws on the basis of hours spent in completing the certain amount of work. SkillsSkilled personnelSemi-skilled or unskilled Type of costFixedVariable Rate of paymentFixed rateWage rate Payment cycleMonthlyDaily Basis of payment Performance basisHourly basis Paid to whomEmployeesLabor Nature of workAdministrative-office workManufacturing-process work KRA (Key resultant area)YesNo Extra pay for extra hoursNoYes Definition of SalaryThe term salary is the agreed upon amount of money between the employer and the employee that is extended at regular intervals on the basis of an individual's performance. Salary is generally a fixed amount of package calculated on an annual basis. When divided by a number of months the amount to be disbursed monthly is ascertained. The same is given to the employee on the basis of his productivity. An employee is supposed to work for certain fixed hours daily but if Sometimes the work is not finished in time the employee has to devote his extra time without any additional pay. An employee is entitled to leaves, perks, and benefits, i.e. salary will be given if an employee has availed a leave and didn't turn up for the work. Salaried persons are generally said to be doing "white collar office jobs" which implies that an individual is well educated, skilled and is employed with some firm and holds a good position in the society. Definition of Wages Wage is termed as a compensation that is given on the basis of the amount of work done and the hours spent in doing that. Wages are variable and do vary with day to day functioning of an individual. Wages are given to labours who are engaged in manufacturing processes and get the compensation on a daily basis. Labour is paid on the basis of hours and in order to increase the pay, extra hours have to be devoted to fetch more.An individual is paid for his presence, not for his absence i.e. in case a person do not come for the work he will not be paid for that day. The waged person are said to be doing "blue collar labour job" which implies that an individual is engaged in the unskilled or semi-skilled job and is drawing wages on a daily basis. Following are the major differences between salary and wages: Salary is the fixed amount of compensation which is paid for the performance of an employee. Wage is the variable amount of compensation which is paid on the basis of hours spent in finishing a certain amount of work. Salary is given to the skilled persons who apply their proficiencies in respective fields and generate the revenues for the firm. Whereas wages are paid to the semi-skilled or unskilled worker such as carpenter, welder, electrician, etc. who work on hourly basis. In the case of salary, the cost incurred is fixed i.e. fixed amount is paid monthly. Whereas in wages, the cost is variable, because it can vary with the day to day performance of an individual. Salary once decided, in the beginning, remains fixed throughout. Whereas in wage system, there is a wage rate that keeps on changing and an individual is paid on the basis of prevailing wage rate. Salary is generally paid at fixed intervals i.e. monthly. Whereas wages are paid on a daily basis for the number of hours spent. Salary is paid on the basis of the performance of an individual. Whereas wages are paid on hourly basis i.e. the amount of work done in hours. Salary is paid to employees who possess the skills and efficiencies in completing the office work. Whereas wages are paid to the labours, who are engaged in manufacturing processes and do the work on an hourly basis. Salary is given to those who are engaged in administrative or office work job. Whereas wages are paid to those, who are engaged in manufacturing processes that require unskilled or semi-skilled workers. A salaried person usually has KRA i.e. key resultant area set for the month on the basis of which their performance is judged. Whereas the waged person does not have any KRA and is judged on the basis of hourly work done. Salaried persons are not paid additional compensation for any extra hours. Whereas wage holder does get an additional pay for the extra hours devoted by him. Video: Salary Vs Wages Conclusion It can be easily concluded from the above comparison that salary is a fixed amount of money paid at a regular intervals to an individual for the work done by him in given period of time whereas wage is a variable pay given to an individual for the number of hours spent by him in completing a certain amount of work. What is better, monthly pay or weekly pay? Generally, most people in the UK are paid on a monthly basis. However, some jobs are better suited for payment on a weekly basis, such as those in hospitality, retail and customer service. One way to bridge the gap between paydays in Earned Wage Access - where employees can access a percentage of their earned wages before payday - for free. Find out more about our Earned Wage Access offering here. This blog looks at the advantages and disadvantages weekly and monthly pay has on both employers and employees. What are the advantages of monthly pay Predictable budgeting With monthly pay, employees know exactly how much they will be receiving each month and can budget accordingly. Improved cash flow Monthly pay allows employees to receive a regular and consistent income, allowing for better management of their cash flow. Improved financial planning With a regular monthly salary, employees can plan ahead and make financial decisions that are better suited to long-term goals. Easier to save With monthly pay, employees can set up regular transfers into a savings account, allowing them to save money each month without having to think about it. Improved job satisfaction Receiving a regular monthly salary can give employees the confidence to take on more responsibility and feel more secure in their role. What are the disadvantages of monthly pay? Budgeting difficulties Another disadvantage of being paid monthly is that it can be more difficult to budget. Employees may have to wait a full month before receiving another wage payment, making it difficult to manage expenses that occur throughout the month. Unpredictable income With monthly pay, income can be unpredictable for hourly paid workers, depending on the number of working days in a given month. If there are five Fridays and five Saturdays in a month, employees will potentially receive a larger wage than if there are only four Fridays and four Saturdays. This can make it difficult to plan for the future. What are the advantages of weekly pay? Easier budgeting With weekly pay, employees can plan their budget around the same, consistent weekly payment amount. This can be especially helpful for those who live payday to payday. Improved cash flow Because weekly pay is more frequent than bi-weekly or monthly pay, it can help improve cash flow for businesses and their employees. Easier to track Tracking expenses and budgeting can be easier when income is received on a weekly basis. Quicker access to funds With weekly pay, employees can access their wages more quickly than with other pay schedules. This can be beneficial if there are an unexpected expenses or they need quick access to cash. What are the disadvantages of weekly pay? Less pay Employees paid on a weekly basis generally receive less pay than those paid on a bi-weekly or monthly basis. More administrative work Paying employees on a weekly basis requires more administrative work and time for payroll processing. Less financial security Weekly pay does not provide employees with the same level of financial security as bi-weekly or monthly payments. More difficult to budget It can be more difficult for employees to budget when they are paid on a weekly basis as opposed to on a bi-weekly or monthly basis. Payroll calculation considerations Paying employees on a weekly basis may present additional or more regular payroll calculations considerations that need to be considered. Is weekly or monthly pay more popular? Weekly pay is more popular, as it gives employees more regular payments to plan their finances and budget around. Monthly pay can sometimes leave employees with a large amount of income to manage all at once. Is monthly pay better than weekly pay? It depends on the individual situation. Some people may prefer to receive their salary in weekly payments, while others may prefer to receive their salary in monthly payments. Ultimately, it is up to the individual to decide which payment frequency is best for them. How do businesses calculate monthly salary payments Businesses typically calculate monthly salary payments b dividing the annual salary by 12 for each month. This can then be multiplied by any overtime or commission the employee has earned to calculate their final salary payment. How do businesses calculate weekly salary payments Businesses typically calculate weekly salary payments by dividing the employee's annual salary (or hourly rate) by the number of weeks in the year, including any vacation or holiday pay. For example, if the employee's annual salary is £52,000 and there are 52 weeks in the year, the weekly salary would be £1,000. Similarly, if the employee's hourly rate is £15 and they are paid for 40 hours per week, the weekly salary would be £600. What about On Demand Pay/Earned Wage Access? On-demand pay or Earned Wage Access (EWA) is revolutionising the workplace. With the increase in demand for real-time pay, employers should consider action to ensure they are not left behind. On-demand pay is becoming more mainstream and quickly becoming a workplace expectation, especially for the younger generation. Learn more about Income Group's Earned Wage Access service in our blog. No matter how your employees are paid, ensure it reaches their account on time, every time with instant payments from iGsend. Explore Programs This category covers almost any topic in Finance. Accounting, US GAAP, Forex, CFA, CMA, Financial Modeling, Valuation, Investment Banking, Project Finance, PE, Credit Risk, Mergers, Stock Market, Financial Institutions etc. A library of 550+ Courses and 300+ Test Series to choose from. All courses| bundles| learning paths| test series are curated and updated by industry experts. Enroll and You get One year access with all future updates. 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These free courses in a wide variety of subjects have been hand-picked by the learning team at EDUCBA. If you're new to online learning and not sure where to start, you're not alone. We've curated a free collection of courses for professionals. Take one of these courses and learn new skills. Discover Free Courses The instructor's teaching style is not only engaging but also incredibly effective. Concepts are explained clearly and concisely, making it easy for beginners to grasp the fundamentals while still providing advanced techniques for more experienced users. The course is well-structured, with each module building upon the previous one, creating a seamless learning experience. I recently completed a free online Excel course and it was a fantastic experience! The content was well-structured, easy to follow, and packed with practical tips. The interactive exercises helped me grasp key concepts effectively. Overall, a valuable resource for anyone looking to enhance their Excel skills without spending a dime. Highly recommended! EDUCBA's Statistics course for Analytics is exceptionally practical, offering a comprehensive and easily digestible introduction to essential statistical concepts. The course seamlessly blends theory with real-world applications, providing a highly informative learning experience that equips beginners with valuable analytical skills. Highly recommended for those seeking a solid foundation in statistics. I found this course to be very indepth. It covered all the facets of model building with very useful suggestions and guidelines. It was a very detailed model. With this learning, i will be able to independently build other models now. Thank you. I recently completed the Oracle SQL courses offered by EDUCBA, and I must say that it has been an incredible learning experience. EDUCBA's comprehensive Oracle SQL curriculum provides an excellent foundation for anyone seeking to master this powerful database language. The course material is structured in a logical and progressive manner, starting from the basics and gradually building up to more advanced concepts. Each topic is explained thoroughly and accompanied by clear examples and real-life scenarios, which greatly enhances the understanding and application of Oracle SQL. The Data Science Fundamentals online course that I recently completed. Overall, I found the course to be highly valuable and informative. The content was well-structured and provided a solid foundation for understanding key concepts in data science. I recently took a course on SQL, and I must say that I am quite impressed with the level of instruction and the depth of the material covered. The course was well-structured and presented in a way that was easy to follow, even for someone with no prior experience in SQL. This video provided clear and concise explanations of Photoshop, making it easy for me to understand and apply the concepts to my practical life. I appreciated the speaker's engaging presentation style and felt that I benefited greatly from the information presented. Overall, this is a great resource for anyone looking to learn the basics of Photoshop. The video that I recently watched was an absolutely breathtaking experience. From the very start, I was completely captivated by the stunning visuals and the mesmerizing soundtrack. The production value was top-notch, and every single detail was executed flawlessly. The video was not only visually stunning, but it was also incredibly informative and educational. I learned so much from watching it, and I was amazed by the amount of research that must have gone into producing such a high-quality piece. Throughout the video, I found myself completely engrossed in the content. I couldn't take my eyes off the screen, and I was completely absorbed by every single second. It was one of those rare experiences where time seemed to stand still, and I was completely lost in the moment. Overall, I would highly recommend this video to anyone who is looking for an incredible viewing experience. Whether you're looking for stunning visuals, captivating storytelling, or educational content. It was an exciting course. It taught me the basics of JAVA 8.0 and also how to use NetBeans IDE and how to operate on it!! Hope this type of courses appear more in my future!! We use some essential cookies to make this website work. We'd like to set additional cookies to understand how you use GOV.UK, remember your settings and improve government services. We also use cookies set by other sites to help us deliver content from their services. You have accepted additional cookies. You can change your cookie settings at any time. Updated July 31, 2023 Difference Between Gross Salary vs Net Salary Salary is a fixed amount the employer pays their employees for their services. It is a regular payment made by the employer at a fixed interval, generally monthly and generally denoted as an annual package. Most of the time, salaries are usually determined by comparing employees' salaries for a similar role in the same or different industry. Salary is also segmented into two major categories: i.e. gross and net salary. Gross Salary Gross Salary is a composite of several components of an individual salary package. It is the salary comprised of income tax, EPF, Medical insurance, etc., without prior deduction. The Gross Salary mentioned in the company's offer letter in the salary section mentions all the required components on a yearly and monthly bases, like bonuses, overtime pay, holiday pay, and other differentials. If we think in terms of CTC perspective, Gross Salary does not cover EPF and gratuity. Moreover, Gross Salary involves only compensation benefits to the employee. Moreover, the Ministry of Labour has empowered the employee to withdraw the whole accrued amount of his / her PF account at the time of retirement while attaining 55 years. Apart from that, there are various other circumstances when an employee can withdraw from their privileged account, as specified below. Termination of services. Retirement due to incurable diseases or disabilities. Unexpected relocation of an employee to overseas Components of Gross Salary While calculating an individual's annual package, the employer uses some basic components of gross salary. Basic Salary - A major component of the gross salary which you get. HRA(House Rent Allowance) - Consider the house rent of any employee & reduce the tax of an individual. Leave Travel Allowance - This component covers the travel cost of an employee & helps with tax exemption. Conveyance Allowance - This component is used to facilitate an employee to travel from home to work & back. Retirals - Also known as superannuation, which covers an employee pension plan for post-retirement. Bonus - Gifts or performance allowance which covers gross salary. Others like Medical Allowance, Provident Fund(PF), etc. Gross Salary Formula Calculation Gross Salary = CTC(Cost to Company) - EPF(Employee Provident Fund) - Retirals Net Salary is the amount of the employee's salary after deducting tax provident fund and other such deductions from the gross salary, generally known as Take home salary. However, the net salary is lower than the gross salary. In certain circumstances, it can be equal to the gross salary when the income tax is negligible and the employee's salary falls below the government tax slab. Net Salary Formula Calculation Net Salary(or Take Home Salary) = CTC(Cost to Company) - EPF(Employee Provident Fund) - Retirals - Deductions - Income Tax (TDS) Net Salary = Gross Salary - Income Tax (TDS) - Deductions Net Salary