

Salary Expense

Directions:

Analyze the following scenarios and calculate the requested items.

1. Employees at Tech Machine earned a total of \$100,000 for the month of December. The employer of Tech Machine withholds the following on December 31:
 - State income tax: \$7,000
 - Federal income tax: \$17,000
 - FICA taxes: \$7,650

Journalize and compute the wages and salaries expense for an employee at Tech Machine.

<u>Date</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
Dec 31	Salaries Expense	100,000	
	Federal Income Tax Payable		17,000
	State Income Tax Payable		7,000
	FICA tax payable		7,650
	Cash		68,350

2. Tech Machine has the following payroll Tax Expenses for the month of December, recorded on December 31:
 - FICA tax expense: \$7,650
 - State unemployment tax: \$2,500
 - Federal unemployment tax: \$600

Journalize and compute the Payroll Tax Expense for Tech Machine.

<u>Date</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
Dec 31	Payroll Tax Expense	10,750	
	FICA Tax Payable		7,650
	Federal Unemployment Tax Payable		600
	State Unemployment Tax Payable		2,500

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3. Employees at Tech Machine earned a total of \$153,300 for the month of December. The employer of Tech Machine withholds the following on December 31:

- State income tax: \$11,000
- Federal income tax: \$22,000
- FICA taxes: \$11,727.45

Journalize and compute the wages and salaries expense for an employee at Tech Machine.

<u>Date</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
Dec 31	Salaries Expense	153,300	
	Federal Income Tax Payable		22,000
	State Income Tax Payable		11,000
	FICA tax payable		11,727.45
	Cash		108,572.55

4. Tech Machine has the following payroll tax expenses for the month of December, recorded on December 31:

- FICA tax expense: 11,727.45
- State unemployment tax: \$5,500
- Federal unemployment tax: \$919.80

Journalize and compute the Payroll Tax Expense for Tech Machine.

<u>Date</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
Dec 31	Payroll Tax Expense	18,147.25	
	FICA Tax Payable		11,727.45
	Federal Unemployment Tax Payable		919.80
	State Unemployment Tax Payable		5,500