

# Payroll Review

*Directions:*

Answer the following questions.

- Fill out the application below as if you were filling out an employee earnings record for yourself: **Student answers will vary based on their information.**

InnoTech Corporation Employee Earnings Record For the Month of January	
<b>Name:</b>	<b>Address:</b>
<b>Social Security:</b>	<b>Telephone:</b>
<b>Date of Birth:</b>	<b>Date Employment Ended:</b>
<b>Date Employed:</b>	<b>Exemptions:</b>
<b>Sex (Male or Female):</b>	<b>Single/Married:</b>

2015 Period Ending	Total Hours	Gross Earnings				Deductions				Payment	
		Regular	Overtime	Total	Cumulative	FICA	Fed Income Tax	State Income Tax	Total	Net Amount	Check No.
1/7	42	480.00	36.00	516.00	516.00	39.47	43.00	10.32	92.79	423.21	974
1/14	44	480.00	72.00	552.00	1,068.00	42.22	49.00	11.04	102.26	449.74	1028
1/21	43	480.00	54.00	534.00	1,602.00	40.85	46.00	10.68	97.53	436.47	1102
1/28	42	480.00	36.00	516.00	2,118.00	39.47	43.00	10.32	92.79	423.21	1134

- Compute the following totals of each column based on the information in the above information:
  - Regular: **\$1,920**
  - Overtime: **\$198**
  - Total: **\$2,118**
  
  - FICA: **\$162.01**
  - Federal Income Tax: **\$181**
  - State Income Tax: **\$42.36**
  - Total: **\$385.37**
  
  - January Total Net Pay: **\$1,732.61**

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3. Henry's Handbags sold \$8,000,000 worth of handbags last year. The cost of the handbags was \$5,000,000. Compute the gross earnings for Henry's Handbags.

Gross Earnings: **\$8,000,000 - \$5,000,000 = \$3,000,000**

4. Cynthia has job which pays \$7,000 per month. Cynthia only brings home \$5,950 due to payroll taxes weekly. What is Cynthia's gross earnings for the year?

Gross Earnings: **\$ 84,000**

5. Compute the net pay for the scenario below.

Gross Pay		\$6,000.00
Taxes Withheld		
Social Security Tax	6.2%	<b>-\$372.00</b>
Medicare Tax	1.45%	<b>-\$87.00</b>
Federal Tax		-\$350.00
State Tax		-\$150.00
Deductions		
Retirement Account	4.00%	<b>-\$160.00</b>
Health Insurance		<u>-300.00</u>
Net Pay		<b>\$4,581.00</b>

6. Employees at Coastal Flex earned a total of \$300,000 for the month of December. Coastal Flex withholds the following on December 31:
- State income tax: \$9,000
  - Federal income tax: \$20,000
  - FICA taxes: \$22,950

Journalize and compute the wages and salaries expense for an employee at Coastal Flex.

Date	Account Name	Debit	Credit
<b>Dec 31</b>	<b>Salaries Expense</b>	<b>300,000</b>	
	<b>State Income Taxes Payable</b>		<b>9,000</b>
	<b>Federal Income Taxes Payable</b>		<b>20,000</b>
	<b>FICA Income Taxes Payable</b>		<b>22,950</b>
	<b>Cash</b>		<b>248,050</b>

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7. Coastal Flex has the following payroll tax expenses for the month of December, as of December 31:
- FICA taxes: \$22,950
  - State unemployment tax: \$54,000
  - Federal unemployment tax: \$18,000

Journalize and compute the payroll tax expense for Coastal Flex.

<b>Date</b>	<b>Account Name</b>	<b>Debit</b>	<b>Credit</b>
<b>Dec 31</b>	<b>Payroll Tax Expense</b>	<b>94,950</b>	
	<b>FICA Taxes Payable</b>		<b>22,950</b>
	<b>Unemployment Tax Payable – Federal</b>		<b>18,000</b>
	<b>Unemployment Tax Payable – State</b>		<b>54,000</b>