

CHAPTER 13 Payroll Liabilities and Tax Records

Study Guide

Section Assessment

Section 1 Read Section 1 on pages 343–347 and complete the following exercises on page 348.

- ☐ Reinforce the Main Idea
- ☐ Math for Accounting
- ☐ Problem 13-1 Determining Payroll Amounts

Section 2 Read Section 2 on pages 349–352 and complete the following exercises on page 353.

- ☐ Reinforce the Main Idea
- ☐ Math for Accounting
- ☐ Problem 13-2 Calculating Employer's Payroll Taxes
- ☐ Problem 13-3 Identifying Entries for Payroll Liabilities

Section 3 Read Section 3 on pages 354–362 and complete the following exercises on page 363.

- ☐ Reinforce the Main Idea
- ☐ Math for Accounting
- ☐ Problem 13-4 Payment of Payroll Liabilities
- ☐ Problem 13-5 Analyzing a Source Document

Chapter Assessment

Summary Review the Chapter 13 Visual Summary on page 364 in your textbook.

- ☐ Key Concepts

Review and Activities Complete the following questions and exercises on page 365 in your textbook.

- ☐ After You Read: Answering the Essential Question
- ☐ Vocabulary Check
- ☐ Concept Check

Standardized Test Practice Complete the exercises on page 366 in your textbook.

Computerized Accounting Read the Computerized Accounting information on page 367 in your textbook.

- ☐ Record and Post Payroll Entries; Pay Payroll Tax Liabilities
- ☐ Peachtree Q&A
- ☐ QuickBooks Q&A

Problems Complete the following End-of-Chapter Problems for Chapter 13 in your textbook.

- ☐ Problem 13-6 Calculating Employer's Payroll Taxes
- ☐ Problem 13-7 Recording the Payment of the Payroll
- ☐ Problem 13-8 Journalizing Payroll Transactions
- ☐ Problem 13-9 Recording and Posting Payroll Transactions
- ☐ Problem 13-10 Recording and Posting Payroll Transactions

Challenge Problem

Real-World Applications and Connections Complete the following applications on pages 372–373 in your textbook.

- ☐ Career Wise
- ☐ Global Accounting
- ☐ 21st Century Skills
- ☐ A Matter of Ethics
- ☐ Analyzing Financial Reports

Working Papers *for Section Problems*

Problem 13-1 Determining Payroll Amounts *(textbook p. 348)*

1. _____
2. _____
3. _____
4. _____
5. _____

Problem 13-2 Calculating Employer's Payroll Taxes *(textbook p. 353)*

Social Security Tax Payable	\$	_____
Medicare Tax Payable	\$	_____
Federal Unemployment Tax Payable	\$	_____
State Unemployment Tax Payable	\$	_____

Problem 13-3 Identifying Entries for Payroll Liabilities *(textbook p. 353)*

Payroll Item	Entry to Record Payroll	Entry to Record Employer's Payroll Taxes
Employees' federal income tax		
Employer's social security tax		
U.S. savings bonds		
Employer's Medicare tax		
Federal unemployment tax		
Employees' state income tax		
Union dues		
Employees' social security tax		
State unemployment tax		
Employees' Medicare tax		

Problem 13-4 Payment of Payroll Liabilities (textbook p. 363)

GENERAL JOURNAL

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DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
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Problem 13-5 Analyzing a Source Document (textbook p. 363)

GENERAL JOURNAL

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DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
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Working Papers for End-of-Chapter Problems

Problem 13-6 Calculating Employer's Payroll Taxes (textbook p. 368)

Total Gross Earnings	Social Security Tax	Medicare Tax	Federal Unemployment Tax	State Unemployment Tax
\$ 914.80				
1,113.73				
2,201.38				
791.02				
1,245.75				

Analyze:

Problem 13-7 Recording the Payment of the Payroll (textbook p. 368)

PAYROLL REGISTER																										
PAY PERIOD ENDING <u>December 31</u> 20--										DATE OF PAYMENT <u>December 31, 20--</u>																
EMPLOYEE NUMBER	NAME	MAR. STATUS	ALLOW.	TOTAL HOURS	RATE	EARNINGS			DEDUCTIONS							NET PAY	CK. NO.									
						REGULAR	OVERTIME	TOTAL	SOC. SEC. TAX	MED. TAX	FED. INC. TAX	STATE INC. TAX	HOSP. INS.	OTHER	TOTAL											
25																		25								
TOTALS						983	10	86	24	1,069	34	66	30	15	51	78	00	21	39	11	65	—	192	85	876	49
Other Deductions: Write the appropriate code letter to the left of the amount: B—U.S. Savings Bonds; C—Credit Union; UD—Union Dues; UW—United Way.																										

Problem 13-7 (continued)

(1)

GENERAL JOURNAL

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DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
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(2)

GENERAL LEDGER (PARTIAL)

ACCOUNT **Cash in Bank** ACCOUNT NO. **101**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 24	Balance	✓			1735210	

ACCOUNT **Employees' Federal Income Tax Payable** ACCOUNT NO. **210**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 24	Balance	✓				24000

ACCOUNT **Employees' State Income Tax Payable** ACCOUNT NO. **215**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 24	Balance	✓				18079

Name _____

Date _____

Class _____

Problem 13-7 (concluded)ACCOUNT Social Security Tax PayableACCOUNT NO. 235

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 24	Balance	✓				19125

ACCOUNT Medicare Tax PayableACCOUNT NO. 230

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 24	Balance	✓				4531

ACCOUNT Hospital Insurance Premiums PayableACCOUNT NO. 225

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 24	Balance	✓				5226

ACCOUNT Salaries ExpenseACCOUNT NO. 525

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 24	Balance	✓			4841786	

Analyze:

Problem 13-8
Journalizing Payroll Transactions
(textbook p. 368)

GENERAL JOURNAL

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DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
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Analyze:

Problem 13-9 Recording and Posting Payroll Transactions (textbook p. 369)

Instructions: Use the following source documents to record the transactions for this problem.

PAYROLL REGISTER															
PAY PERIOD ENDING <u>December 13</u> 20-- DATE OF PAYMENT <u>December 13, 20--</u>															
EMPLOYEE NUMBER	NAME	MAR. STATUS ALLOW.	TOTAL HOURS	RATE	EARNINGS			DEDUCTIONS							
					REGULAR	OVERTIME	TOTAL	SOC. SEC. IAX	MED. IAX	FED. INC. IAX	STATE INC. IAX	HOSP. INS.	OTHER	TOTAL	NET PAY
105	Arcompora, M.	M 2					627 00	38 87	9 09	106 59	15 68	3 00	^B 5 00	178 23	448 77
137	Fox, B.	M 1					430 00	26 66	6 24	73 10	10 75	3 00		119 75	310 25
TOTALS							3,840 58	238 12	55 69	639 00	96 02	21 00	^B 20 00	1,069 83	2,770 75
Other Deductions: Write the appropriate code letter to the left of the amount: B—U.S. Savings Bonds; C—Credit Union; UD—Union Dues; UW—United Way.															

\$ 2,770.75		No. 2206
Date	December 13	20--
To	Payroll Account	
For	Salaries Expense	
	Dollars	Cents
Balance brought forward	21,932	14
Add deposits		
Total	21,932	14
Less this check	2,770	75
Balance carried forward	19,161	39

\$ 100.00		No. 2216
Date	December 16	20--
To	Northwest Bank	
For	U.S. Savings Bonds	
	Dollars	Cents
Balance brought forward	17,934	77
Add deposits		
Total	17,934	77
Less this check	100	00
Balance carried forward	17,834	77

SHOWBIZ VIDEO
7575 Ingram Blvd.
Spokane, WA 99204

INTEROFFICE MEMORANDUM

TO: Payroll Clerk
FROM: Greg Failla
DATE: December 13, 20--
SUBJECT: Payroll tax rates

Social security—6.2%
Medicare—1.45%
Fed. unemployment—0.8%
State unemployment—5.4%

\$ 148.00		No. 2217
Date	December 16	20--
To	American Insurance Co.	
For	Hospital Insurance	
	Dollars	Cents
Balance brought forward	17,834	77
Add deposits		
Total	17,834	77
Less this check	148	00
Balance carried forward	17,686	77

\$ 1,226.62		No. 2215
Date	December 16	20--
To	Internal Revenue Service	
For	Fed. income and FICA taxes	
	Dollars	Cents
Balance brought forward	19,161	39
Add deposits		
Total	19,161	39
Less this check	1,226	62
Balance carried forward	17,934	77

Name _____

Date _____

Class _____

Problem 13-9 (continued)

(1), (3)

GENERAL JOURNAL

PAGE _____

	DATE	DESCRIPTION	POST. REF.	DEBIT				CREDIT				
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29												29

Name _____

Date _____

Class _____

Problem 13-9 (continued)**(2), (3)**

GENERAL LEDGER (PARTIAL)

ACCOUNT *Cash in Bank*ACCOUNT NO. *101*

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 6	Balance	✓			2193214	

ACCOUNT *Employees' Federal Income Tax Payable*ACCOUNT NO. *210*

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Employees' State Income Tax Payable*ACCOUNT NO. *215*

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 6	Balance	✓				28608

ACCOUNT *Social Security Tax Payable*ACCOUNT NO. *235*

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Medicare Tax Payable*ACCOUNT NO. *230*

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

Name

Date

Class

Problem 13-9 (continued)ACCOUNT *Hospital Insurance Premiums Payable*ACCOUNT NO. **225**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 6	Balance	✓				12700

ACCOUNT *U.S. Savings Bonds Payable*ACCOUNT NO. **245**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 6	Balance	✓				8000

ACCOUNT *Federal Unemployment Tax Payable*ACCOUNT NO. **220**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *State Unemployment Tax Payable*ACCOUNT NO. **240**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Payroll Tax Expense*ACCOUNT NO. **515**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 6	Balance	✓			461413	

ACCOUNT *Salaries Expense*ACCOUNT NO. **525**

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 6	Balance	✓			3365522	

Name _____

Date _____

Class _____

Problem 13-9 (concluded)**Analyze:** _____

_____**Problem 13-10 Recording and Posting
Payroll Transactions** (textbook p. 370)

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PAGE _____

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28												28
29												29

GENERAL LEDGER (PARTIAL)

ACCOUNT NO. 101

[illegible]

ACCOUNT NO. 210

[illegible]

ACCOUNT NO. 215

[illegible]

ACCOUNT NO. 220

[illegible]

ACCOUNT NO. 230

[illegible]

Name _____

Date _____

Class _____

Problem 13-10 (continued)ACCOUNT Social Security Tax PayableACCOUNT NO. 235

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT State Unemployment Tax PayableACCOUNT NO. 240

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 15	Balance	✓				313273

ACCOUNT Payroll Tax ExpenseACCOUNT NO. 515

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 15	Balance	✓			795365	

ACCOUNT Salaries ExpenseACCOUNT NO. 525

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20--						
Dec. 15	Balance	✓			5801345	

Analyze: _____

Name

Date

Class

Problem 13-10 (continued)

Amount _____ Date _____ Type of Tax _____
Check Number _____

FEDERAL TAX DEPOSIT - Form 8109

Place an "X" in box if there is a change to Employer Number or Name.
See Instructions.

BANK NAME/DATE STAMP

AMOUNT OF DEPOSIT
DOLLARS CENTS

Employee Number **31-9365950** **040412**

JOB CONNECT
4457 MARKET STREET
KINGSTON, NC 28150

Type of Tax MARK ONE

☐ 941	☐ CT-1	☐ 1st Quarter
☐ 940	☐ 1120	☐ 2nd Quarter
☐ 943	☐ 990T	☐ 3rd Quarter
☐ 720	☐ 990C	☐ 4th Quarter
☐ 945	☐ 1042	
☐ IRS USE ONLY		

Tax Period MARK ONE

DO NOT WRITE OR STAMP BELOW THIS LINE

SEE BACK COVER FOR PAPERWORK REDUCTION ACT

FOR BANK USE IN MICR ENCODING

319365950040412

Amount _____ Date _____ Type of Tax _____
Check Number _____

FEDERAL TAX DEPOSIT - Form 8109

Place an "X" in box if there is a change to Employer Number or Name.
See Instructions.

BANK NAME/DATE STAMP

AMOUNT OF DEPOSIT
DOLLARS CENTS

Employee Number **31-9365950** **040412**

JOB CONNECT
4457 MARKET STREET
KINGSTON, NC 28150

Type of Tax MARK ONE

☐ 941	☐ CT-1	☐ 1st Quarter
☐ 940	☐ 1120	☐ 2nd Quarter
☐ 943	☐ 990T	☐ 3rd Quarter
☐ 720	☐ 990C	☐ 4th Quarter
☐ 945	☐ 1042	
☐ IRS USE ONLY		

Tax Period MARK ONE

DO NOT WRITE OR STAMP BELOW THIS LINE

SEE BACK COVER FOR PAPERWORK REDUCTION ACT

FOR BANK USE IN MICR ENCODING

319365950040412

Name _____

Date _____

Class _____

Problem 13-10 (concluded)

No. 1602		1602
\$ _____	20 _____	4-58 810
Date _____		
To _____		
For _____		
	Dollars	Cents
Balance brought forward	29,441	61
Add deposits		
Total		
Less this check		
Balance carried forward		

Job Connect
 4457 Market Street
 Kingstown, NC 28150

DATE _____ 20 _____

PAY TO THE ORDER OF _____ \$ _____ DOLLARS

SNB Security National Bank
KINGSTOWN, NC

MEMO _____

⑆0810 0058⑆ 4163 697⑈ 1602

No. 1603		1603
\$ _____	20 _____	4-58 810
Date _____		
To _____		
For _____		
	Dollars	Cents
Balance brought forward		
Add deposits		
Total		
Less this check		
Balance carried forward		

Job Connect
 4457 Market Street
 Kingstown, NC 28150

DATE _____ 20 _____

PAY TO THE ORDER OF _____ \$ _____ DOLLARS

SNB Security National Bank
KINGSTOWN, NC

MEMO _____

⑆0810 0058⑆ 4163 697⑈ 1603

No. 1604		1604
\$ _____	20 _____	4-58 810
Date _____		
To _____		
For _____		
	Dollars	Cents
Balance brought forward		
Add deposits		
Total		
Less this check		
Balance carried forward		

Job Connect
 4457 Market Street
 Kingstown, NC 28150

DATE _____ 20 _____

PAY TO THE ORDER OF _____ \$ _____ DOLLARS

SNB Security National Bank
KINGSTOWN, NC

MEMO _____

⑆0810 0058⑆ 4163 697⑈ 1604

No. 1605		1605
\$ _____	20 _____	4-58 810
Date _____		
To _____		
For _____		
	Dollars	Cents
Balance brought forward		
Add deposits		
Total		
Less this check		
Balance carried forward		

Job Connect
 4457 Market Street
 Kingstown, NC 28150

DATE _____ 20 _____

PAY TO THE ORDER OF _____ \$ _____ DOLLARS

SNB Security National Bank
KINGSTOWN, NC

MEMO _____

⑆0810 0058⑆ 4163 697⑈ 1605