

UNIT 6

STUDY QUESTIONS

1. Payroll records contain information needed to satisfy the requirements of federal, state, and local laws and to prepare a variety of tax reports. These records also provide information that helps management to control payroll costs.
2. Each business must design a payroll register to fit its own needs for payroll information. For example, pay plans and employee deductions can vary from company to company and state to state. This means that the columns of the payroll register must differ.
3. A payroll register commonly shows each employee's name, marital status, number of withholding allowances claimed, and pay rate. It also shows the employee's time worked, earnings, deductions, and net pay for the payroll period.
4. When the payroll register is prepared, the employee earnings records are used to obtain each employee's name, marital status, number of withholding allowances, pay rate, and type and amount of voluntary deductions.
5. For hourly rate employees, time cards usually provide the information needed for both the Hours and Earnings sections of the payroll register. For other employees, information about time worked may be taken from time sheets. If these employees are on the piece-rate plan or receive commissions, work records must also be consulted in order to compute their earnings for the period. The employee earnings records supply information about the pay rates of all employees.
6. The following steps should be used when completing the payroll register.
 - a. Enter the beginning and ending dates for the payroll period at the top of the register.
 - b. Enter the employee data.
 - c. Enter the regular and overtime hours worked by each employee. (Enter a dash for the regular hours in the case of exempt employees whose hours are not recorded.)
 - d. Transfer the earnings from time cards and other records, or calculate and enter the earnings for each employee.
 - e. Compute and enter the tax deductions. Transfer any voluntary deductions from the employee earnings records.
 - f. Compute and enter the net pay for each employee.
 - g. Total the columns, and cross-foot and double rule the columns.
- h. When the payroll is paid, enter the date and the check numbers.
7. The following procedures should be used to locate and correct errors in the payroll register.
 - a. Add the columns again to make sure that the totals are correct.
 - b. If there are no errors in the column totals, recalculate the figures for each employee until the errors are located.
 - c. Change the incorrect amounts and any column totals affected.
 - d. Cross-foot the payroll register as final proof of accuracy.
 - e. Draw a double line below the money columns.
8. The following procedures should be used for totaling the payroll register.
 - a. Directly under the figures for the last employee, draw a single line across all money columns in the earnings, deductions, and net pay sections.
 - b. Add the amounts in each column, and prove the accuracy of the column totals by cross-footing.
 - c. When the totals are proved, enter them in the payroll register and draw a double line under them.
9. Answers to this question will vary. However, the ability to make payroll computations accurately and the ability to write payroll figures clearly are essential.
10. Information contained in the payroll register is used in completing the following payroll tasks: entering payroll information in the employee earnings records, preparing paychecks or pay envelopes, making payroll entries in the accounting records, preparing tax reports for government agencies, and preparing payroll reports for management.
11. Tapes from a calculator used in preparing the payroll register can be of value because they can be used to verify that the keying of numbers was correct.
12. The net pay amounts for each employee as shown in the payroll register are the amounts for which payroll checks would be written.
13. Adding up the column presents entirely different number combinations than adding down, and thus it is less likely that an error in addition will be committed a second time.
14. The three dates at the top of a payroll register represent the date of the payroll period beginning, date of the payroll period ending, and that employees are paid.
15. The double line below the payroll register totals indicates that the register is proved to be in balance.

REVIEW EXERCISES

1.

Employee	Earnings			Deductions				Net Pay
	Regular	Overtime	Total	Federal Income Tax	Social Security Tax	Medicare Tax	Total	
Julie Arnez	\$696.00	\$104.40	\$800.40	\$ 69.00	\$49.62	\$11.61	\$130.23	\$670.17
Spiro Costas	672.00	50.40	722.40	93.00	44.79	10.47	148.26	574.14
Drew Vincent	780.00	29.25	809.25	66.00	50.17	11.73	127.90	681.35
Ellen Wagner	624.00	70.20	694.20	100.00	43.04	10.07	153.11	541.09

2.

Employee	Earnings			Deductions				Net Pay
	Regular	Overtime	Total	Federal Income Tax	Social Security Tax	Medicare Tax	Total	
Michael Corsi	\$640.00	\$144.00	\$784.00	\$63.00	\$48.61	\$11.37	\$122.98	\$661.02
Vanessa Hall	580.00	87.00	667.00	78.00	41.35	9.67	129.02	537.98
Megan McCarthy	656.75	—0—	656.75	52.00	40.72	9.52	102.24	554.51
Scott Porter	672.00	126.00	798.00	82.00	49.48	11.57	143.05	654.95

3. Federal income tax: \$135
 State income tax: \$40.49
 Social security tax: $\$1,380 \times .062 = \85.56
 Medicare tax: $\$1,380 \times .0145 = \20.01
 State disability insurance tax: $\$1,380 \times .0118 = \16.28
 Total deductions: $\$358.32 + \$100 = \$458.32$
 Required deductions: $\$135 + \$40.49 + \$85.56 + \$20.01 + \$16.28 = \297.34
 Voluntary deduction: \$100
 Net pay: $\$1,380 - \$397.34 = \$982.66$

4. Federal income tax: \$125
 State income tax: \$33.44
 Social security tax: $\$1,250 \times .062 = \77.50
 Medicare tax: $\$1,250 \times .0145 = \$18.125 = \$18.13$
 State disability insurance tax: $\$1,250 \times .0118 = \14.75
 Total deductions: $\$268.82 + \$105 = \$373.82$
 Required deductions: $\$125 + \$33.44 + \$77.50 + \$18.13 + \$14.75 = \268.82
 Voluntary deductions: $\$20 + \$75 (\$1,250 \times .06) + \$10 = \$105$
 Net pay: $\$1,250 - \$373.82 = \$876.18$

5.

Employee	Earnings			Deductions				Net Pay
	Regular	Overtime	Total	Federal Income Tax	Social Security Tax	Medicare Tax	Total	
David Hollis	\$732.00	\$ 54.90	\$786.90	\$123.00	\$48.79	\$11.41	\$183.20	\$603.70
Karen Saunders	656.00	123.00	779.00	70.00	48.30	11.30	129.60	649.40
Carl Schmidt	765.70	—0—	765.70	60.00	47.47	11.10	118.57	647.13
Andrea Vargas	824.00	30.90	854.90	125.00	53.00	12.40	190.40	664.50

6. Regular earnings: $\$17.25 \times 40 = \690
 Overtime earnings: $\$17.25 \times 2 = \$34.50 \times 6 = \$207$
 Total earnings: $\$690 + \$207 = \$897$
 Federal income tax: \$135
 State income tax: \$18.48
 Social security tax: $\$897 \times .062 = \55.61
 Medicare tax: $\$897 \times .0145 = \$13.006 = \$13.01$
 State disability insurance tax: $\$897 \times .0118 = \$10.585 = \$10.59$
 Total deductions: $\$135 + \$18.48 + \$55.61 + \$13.01 + \$10.59 = \232.69
 Net pay: $\$897 - \$232.69 = \$664.31$

PROBLEMS

1.

PAYROLL

For the Period Beginning **January 15**, 20 **05** and Ending **January 21**, 20 **05**

	EMPLOYEE DATA				HOURS		EARNINGS					
	Name	Marital Status	No. of With. Allow.	Regular Rate	Regular	Overtime	Regular		Overtime or Commission		Total Earnings	
1	Kelly Carter	S	1	\$596 per wk.	40	5	596	00	111	75	707	75
2	James Cirmak	M	3	\$828 per wk.	40	2	828	00	62	10	890	10
3	Paula Reed	M	1	\$1,042 per wk.	40		1,042	00			1,042	00
4							2,466	00	173	85	2,639	85
5												
6												
7												
8												

2.

PAYROLL

For the Period Beginning **March 8**, 20 **05** and Ending **March 14**, 20 **05**

	EMPLOYEE DATA				HOURS		EARNINGS					
	Name	Marital Status	No. of With. Allow.	Regular Rate	Regular	Overtime	Regular		Overtime or Commission		Total Earnings	
1	Alison Moore	M	1	\$624 per wk.	40	2	624	00	46	80	670	80
2	George Rivera	M	2	\$21.25 per hr.	40		850	00			850	00
3	Keith Sims	M	0	\$19.20 per hr.	40	4	768	00	115	20	883	20
4	Gary Webb	S	1	\$22.50 per hr.	40	1	900	00	33	75	933	75
5							3,142	00	195	75	3,337	75
6												
7												
8												

3.

PAYROLL

For the Period Beginning April 10, 20 05 and Ending April 16, 20 05

EMPLOYEE DATA					HOURS		EARNINGS				
	Name	Marital Status	No. of With. Allow.	Regular Rate	Regular	Overtime	Regular		Overtime or Commission	Total Earnings	
1	Pamela Austen	M	4	\$1,350 per wk.			1,350	00		1,350	00
2	Roger Dupont	S	1	\$965 per wk.			965	00		965	00
3	Mary Elias	M	2	\$1,120 per wk.			1,120	00		1,120	00
4	Aaron Jacobs	M	3	\$1,275 per wk.			1,275	00		1,275	00
5	Nora O'Shea	S	1	\$1,080 per wk.			1,080	00		1,080	00
6							5,790	00		5,790	00
7											
8											

REGISTER

Date Paid _____, 20____

DEDUCTIONS																NET PAY			
Federal Income Tax		Social Security Tax		Medicare Tax		State Income Tax		SDI Tax		IRA		Savings Bonds		Total Deductions		Amount		Check No.	
88	00	43	88	10	26	24	23	8	35					174	72	533	03		
71	00	55	19	12	91	12	96	10	50					162	56	727	54		
111	00	64	60	15	11	27	54	12	30					230	55	811	45		
270	00	163	67	38	28	64	73	31	15					567	83	2,072	02		

REGISTER

Date Paid _____, 20____

DEDUCTIONS																NET PAY				
Federal Income Tax		Social Security Tax		Medicare Tax		State Income Tax		SDI Tax		IRA		Savings Bonds		Total Deductions		Amount		Check No.		
55	00	41	59	9	73	9	68	7	92			25	00	148	92	521	88			
74	00	52	70	12	33	12	94	10	03			50	00	212	00	638	00			
96	00	54	76	12	81	20	06	10	42					194	05	689	15			
145	00	57	89	13	54	41	63	11	02			100	00	369	08	564	67			
370	00	206	94	48	41	84	31	39	39			175	00	924	05	2,413	70			

REGISTER

Date Paid _____, 20____

DEDUCTIONS															NET PAY			
Federal Income Tax		Social Security Tax		Medicare Tax		State Income Tax		SDI Tax		IRA		Savings Bonds		Total Deductions		Amount		Check No.
131	00	83	70	19	58	37	29	15	93	30	00			317	50	1,032	50	
153	00	59	83	13	99	45	35	11	39					283	56	681	44	
114	00	69	44	16	24	27	82	13	22	25	00			265	72	854	28	
128	00	79	05	18	49	33	44	15	05	25	00			299	03	975	97	
183	00	66	96	15	66	56	51	12	74	30	00			364	87	715	13	
709	00	358	98	83	96	200	41	68	33	110	00			1,530	68	4,259	32	

PAYROLL REGISTER											Week Beginning February 5, 2005			
EMPLOYEE	Marital Status	No.of With. Allow.	Cumulative Earnings	No. of Hours	Rate per WK	Earnings			Cumulative Earnings					
						Regular	Overtime	Gross Amount						
Betty Bossman	M	2			1,300.00	1,300.00		1,300.00						
Charles Chang	S	0			750.00	750.00		750.00						
Harry Doggonite	M	0			1,000.00	1,000.00		1,000.00						
Susan Swift	M	3			850.00	850.00		850.00						
Totals						3,900.00		3,900.00						
AND ENDING FEBRUARY 12, 20005														
EMPLOYEE	Simple IRA	Taxable Wages			Deductions			Total Deduction	AMT of Net Pay	Check No.				
		Fed Inc Tax	Social Security	Medicare	Fed Inc Tax	Soc. Sec.	Medicare							
Betty Bossman	75.00	1,225.00	1,300.00	1,300.00	129.00	80.60	18.85	303.45	996.55					
Charles Chang	45.00	705.00	750.00	750.00	103.00	46.50	10.88	205.38	544.62					
Harry Doggonite	0.00	1,000.00	1,000.00	1,000.00	114.00	62.00	14.50	190.50	809.50					
Susan Swift	50.00	800.00	850.00	850.00	57.00	52.70	12.33	172.03	677.97					
Totals	170.00	3,730.00	3,900.00	3,900.00	403.00	241.80	56.56	871.36	3,028.64					

LEARNING THROUGH PRACTICE EXERCISES

EXERCISES 6-1 AND 6-2

PAYROLL

For the Period Beginning March 8, 20 05 and Ending March 14, 20 05

	EMPLOYEE DATA				HOURS		EARNINGS					
	Name	Marital Status	No. of With. Allow.	Regular Rate	Regular	Overtime	Regular		Overtime or Commission		Total Earnings	
1	Paul Alioto	M	3	\$18.20 per hr.	40	2	728	00	54	60	782	60
2	Shannon Curtis	M	1	\$16.90 per hr.	40	1	676	00	25	35	701	35
3	Wade Jenkins	S	0	\$13.80 per hr.	40	6	552	00	124	20	676	20
4	Leslie Keller	M	2	\$14.50 per hr.	40		580	00			580	00
5	Joan Van Zant	S	1	\$13.40 per hr.	40	4	536	00	80	40	616	40
6	Michael Yong	M	2	\$17.60 per hr.	40		704	00			704	00
7							3,776	00	284	55	4,060	55
8												

EXERCISE 6-3

PAYROLL

For the Period Beginning March 8, 20 05 and Ending March 14, 20 05

	EMPLOYEE DATA				HOURS		EARNINGS					
	Name	Marital Status	No. of With. Allow.	Regular Rate	Regular	Overtime	Regular		Overtime or Commission		Total Earnings	
1	Raymond Alarez	M	1	\$815 per wk.	40		815	00			815	00
2	Charlene Case	S	1	\$692 per wk.	40		692	00			692	00
3	John Lomas	M	4	\$1,126 per wk.	40		1,126	00			1,126	00
4	Sarah Mikulski	M	2	\$944 per wk.	40		944	00			944	00
5	Dwight Taylor	S	0	\$757 per wk.	40		757	00			757	00
6							4,334	00			4,334	00
7												
8												

EXERCISE 6-4

Proof of Payroll Register

Earnings:

Regular	\$7,468.20	
Overtime	3,781.38	
Total earnings		\$11,249.58

Deductions:

Federal income tax	\$1,200.00	
Social security tax	697.47	
Medicare tax	163.12	
State income tax	220.00	
SDI tax	132.75	
IRA	210.00	
Total deductions		2,623.34
Net pay		\$ 8,626.24

REGISTER

Date Paid _____, 20__

DEDUCTIONS												NET PAY			
Federal Income Tax	Social Security Tax		Medicare Tax		State Income Tax		SDI Tax		IRA		Savings Bonds	Total Deductions	Amount		Check No.
54 00	48	52	11	35	8	96	9	23	50	00		182 06	600	54	
60 00	43	48	10	17	11	28	8	28	30	00		163 21	538	14	
95 00	41	92	9	80	22	61	7	98				177 31	498	89	
33 00	35	96	8	41	3	98	6	84				88 19	491	81	
69 00	38	22	8	94	16	31	7	27	30	00		169 74	446	66	
51 00	43	65	10	21	7	34	8	31	25	00		145 51	558	49	
362 00	251	75	58	88	70	48	47	91	135	00		926 02	3,134	53	

REGISTER

Date Paid _____, 20__

DEDUCTIONS												NET PAY			
Federal Income Tax	Social Security Tax		Medicare Tax		State Income Tax		SDI Tax		IRA		Savings Bonds	Total Deductions	Amount		Check No.
76 00	50	53	11	82	15	28	9	62	50	00		213 25	601	75	
85 00	42	90	10	03	21	03	8	17	25	00		192 13	499	87	
96 00	69	81	16	33	24	66	13	29	50	00		270 09	855	91	
87 00	58	53	13	69	16	94	11	14	50	00		237 30	706	70	
115 00	46	93	10	98	29	01	8	93	30	00		240 85	516	15	
459 00	268	70	62	85	106	92	51	15	205	00		1,153 62	3,180	38	

ALTERNATE LEARNING THROUGH PRACTICE EXERCISES

EXERCISES 6-1A AND 6-2A

PAYROLL

For the Period Beginning April 7, 20__ 05 and Ending April 13, 20__ 05

EMPLOYEE DATA					HOURS		EARNINGS				
Name	Marital Status	No. of With. Allow.	Regular Rate		Regular	Overtime	Regular	Overtime or Commission	Total Earnings		
1 Bailey, Susan	M	3	\$21.50 per hr.		40		860 00		860 00		
2 Brice, William	S	0	\$17.60 per hr.		40	5	704 00	132 00	836 00		
3 Hassan, Ahmad	S	1	\$18.40 per hr.		40	2	736 00	55 20	791 20		
4 Olivo, John	M	4	\$22.10 per hr.		40	4	884 00	132 60	1,016 60		
5 Sanders, Sharon	M	2	\$23.50 per hr.		40		940 00		940 00		
6 Segretti, Jane	S	1	\$18.80 per hr.		40	3	752 00	84 60	836 60		
7 Totals							4,876 00	404 40	5,280 40		
8											

REGISTER

Date Paid _____, 20____

DEDUCTIONS																NET PAY			
Federal Income Tax		Social Security Tax		Medicare Tax		State Income Tax		SDI Tax		IRA		Savings Bonds		Total Deductions		Amount		Check No.	
66	00	53	32	12	47	12	16	10	15	30	00			184	10	675	90		
135	00	51	83	12	12	35	77	9	86	50	00			294	58	541	42		
110	00	49	05	11	47	30	63	9	34	25	00			235	49	555	71		
80	00	63	03	14	74	16	86	12	00	25	00			211	63	804	97		
87	00	58	28	13	63	16	94	11	09	30	00			216	94	723	06		
120	00	51	87	12	13	34	19	9	87					228	06	608	54		
598	00	327	38	76	56	146	55	62	31	160	00			1,370	80	3,909	60		

EXERCISE 6-3A

PAYROLL

For the Period Beginning April 7, 20 05 and Ending April 13, 20 05

EMPLOYEE DATA					HOURS		EARNINGS				
	Name	Marital Status	No. of With. Allow.	Regular Rate	Regular	Overtime	Regular		Overtime or Commission		Total Earnings
1	Dixon, Carter	S	1	\$697 per wk.	40		697	00			697 00
2	Kumar, Janet	S	0	\$825 per wk.	40		825	00			825 00
3	O'Malley, Brian	M	2	\$948 per wk.	40		948	00			948 00
4	Roski, Daniel	M	3	\$1,220 per wk.	40		1,220	00			1,220 00
5	Tate, Joanne	S	1	\$783 per wk.	40		783	00			783 00
6	Totals						4,473	00			4,473 00
7											
8											

REGISTER

Date Paid _____, 20____

DEDUCTIONS															NET PAY				
Federal Income Tax		Social Security Tax		Medicare Tax		State Income Tax		SDI Tax		IRA		Savings Bonds		Total Deductions		Amount		Check No.	
85	00	43	21	10	11	21	03	8	22	25	00			192	57	504	43		
133	00	51	15	11	96	35	77	9	74	50	00			291	62	533	38		
87	00	58	78	13	75	16	94	11	19	30	00			217	66	730	34		
120	00	75	64	17	69	31	04	14	40	60	00			318	77	901	23		
108	00	48	55	11	35	30	63	9	24	25	00			232	77	550	23		
533	00	277	33	64	86	135	41	52	79	190	00			1,253	39	3,219	61		

EXERCISE 6-4A

Proof of Payroll Register

Earnings:		
Regular	\$13,235.60	
Overtime	<u>2,682.30</u>	
Total earnings		\$15,917.90
Deductions:		
Federal income tax	\$2,101.00	
Social security tax	986.91	
Medicare tax	230.81	
State income tax	318.52	
SDI tax	187.83	
IRA	<u>295.00</u>	
Total deductions		<u>4,120.07</u>
Net pay		\$11,797.83

UNIT 7

STUDY QUESTIONS

1. An employee earnings record is started for each employee when the person is hired and at the beginning of each calendar year. Entries are made in the earnings record at the end of each payroll period during the year.
2. The following information is commonly recorded in the heading of an employee earnings record: the employee's name, address, social security number, marital status, number of withholding allowances, regular rate of pay, job title, and date employed and the types and amounts of voluntary deductions. There is usually also space in the heading to record the employee's termination date.
3. Amounts entered in the employee earnings record are totaled and proved at the end of each calendar quarter. Final totals are also computed for the year.
4. The year-to-date earnings column provides space to keep a running total of the employee's gross earnings for the year. Payroll personnel refer to this column to determine when an employee's earnings are nearing the maximum for social security tax, Medicare tax, or state unemployment insurance.
5. The payroll register prepared at the end of each payroll period provides the data about earnings, deductions, and net pay that is entered in the employee earning records.
6. All columns in the Earnings, Deductions, and Net Pay sections of the employee earnings record are totaled at the end of each quarter. The year-to-date column is not totaled. Quarterly totals can be verified for accuracy by using the cross-footing procedure that is used to prove the payroll register: regular earnings + overtime earnings = total earnings; total earnings - total deductions = net pay.
7. The total earnings, deductions, and net pay for a calendar year that are shown in each employee earnings record are computed by adding together the quarterly totals computed at the end of March, June, September, and December.
8. The employee earnings record provides information needed for the following uses:
 - a. To prepare payroll reports and tax returns for federal, state, and local tax agencies.
 - b. To complete a form W-2 for each employee.
 - c. To prepare payroll reports for management.
 - d. To determine when employees reach the yearly earnings limit for social security tax, Medicare tax, and other taxes that have a maximum yearly base.
 - e. As proof of the employee's earnings, deductions, and net pay for the year.
9. An employee's marital status, number of withholding allowances, voluntary deductions, pay rate, or job title may change. The employee gives written authorization for changes in marital status, withholding allowances, or voluntary deductions by

completing the appropriate form from the payroll department's files. Management authorizes changes in an employee's pay rate or job title by writing a memorandum to the payroll department or by completing a notification form. When a new employee is hired or an employee is terminated, management issues a memorandum or an appropriate notification form to the payroll department.

10. By law, a business must retain the payroll register and employee earnings records for at least four years.

DISCUSSION QUESTIONS

1. The purpose of the employee earnings record is to have a single place where details about an employee's personal and work data are available.
2. Essential information in the heading of the employee earnings record is the employee's name, address, social security number, job title, date employed and date terminated, marital status, number of withholding allowances, pay rate, and voluntary deductions.
3. A written and signed authorization notice is required before any changes are made in the employee earnings record to ensure that only approved changes are made.
4. Employee earnings records must be kept on file with a company for at least four years to meet legal requirements. There may be federal or state audits of such records. There also may be needs within the company itself to locate an old employee, to review his or her pay record, and so on.
5. Examples of personal or job information about an employee that are available on the employee earnings record are address, social security number, job title, dates of employment, marital status, number of withholding allowances, pay rate, and the names and amounts of voluntary deductions. In addition, details about pay earned, check numbers, and so on are available.

REVIEW EXERCISES

1. Social security tax: \$173.60
Taxable earnings: $\$87,900 - \$85,100 = \$2,800$
 $\$2,800 \times .062 = \173.60
Medicare tax: $\$6,750 \times .0145 = \97.88
2. Social security tax: $\$3,150 \times .062 = \195.30
Medicare tax: $\$3,150 \times .0145 = \$45.675 = \$45.68$

3. a. Regular earnings: $\$25.50 \times 40 = \$1,020$
Overtime earnings: $\$306$
 $\$25.50 \times 1.5 = \$38.25 \times 8 = \$306$
Total earnings: $\$1,020 + \$306 = \$1,326$
b. State disability insurance tax: $\$4.64$
 $\$1,326 \times .0118 = \$15.647 = \$15.65$

4. a.

Employee	Social Security Tax
John Calder	\$175.15 ($\$2,825 \times .062$)
Heidi Grant	368.90 ($\$5,950 \times .062$)
Mark Rosen	307.52 ($\$4,960 \times .062$)
Dale Simmons	164.30 ($\$2,650 \times .062$)
Nancy Wyatt	354.64 ($\$5,720 \times .062$)

- b.

Employee	Medicare Tax
John Calder	\$40.96 ($\$2,825 \times .0145$)
Heidi Grant	86.28 ($\$5,950 \times .0145$)
Mark Rosen	71.92 ($\$4,960 \times .0145$)
Dale Simmons	38.43 ($\$2,650 \times .0145$)
Nancy Wyatt	82.94 ($\$5,720 \times .0145$)

- c.

Employee	State Disability Insurance Tax
John Calder	\$33.34 ($\$2,825 \times .0118$)
Heidi Grant	39.87 ($\$3,379 \times .0118$)
Mark Rosen	58.53 ($\$4,960 \times .0118$)
Dale Simmons	31.27 ($\$2,650 \times .0118$)
Nancy Wyatt	67.50 ($\$5,720 \times .0118$)

- d.

Employee	Year-to-Date Gross Earnings as of Dec. 31
John Calder	\$33,900 ($\$31,075 + \$2,825$)
Heidi Grant	71,400 ($\$65,450 + \$5,950$)
Mark Rosen	59,520 ($\$54,560 + \$4,960$)
Dale Simmons	31,800 ($\$29,150 + \$2,650$)
Nancy Wyatt	68,640 ($\$62,920 + \$5,720$)

5. a. Social security tax: $\$72,500 \times .062 = \$4,495$
b. Medicare tax: $\$72,500 \times .0145 = \$1,051.25$
c. State disability insurance tax: $\$68,829 \times .0118 = \$812.182 = \$812.18$

PROBLEMS

I.

Payroll Period Ended	Total Earnings	Total Deductions	Net Pay	Year-to-Date Earnings
				\$29,080
10/15	\$1,575	\$ 332	1,243	30,655
10/31	1,620	343	1,277	32,275
11/15	1,730	348	1,382	34,005
11/30	1,495	291	1,204	35,500
12/15	1,610	339	1,271	37,110
12/31	1,550	327	1,223	38,660
Quarter Totals	\$9,580	\$1,980	\$7,600	\$38,660

2. The incorrect amounts in the employee earnings record in Problem 2 are:

- The year-to-date earnings for February 28 should be \$7,750.
- The total deductions for the year should be \$10,318.08.
- The total net pay for the year should be \$36,181.92.

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Osuna, Marianne
 Address 805 West Walnut Street
St. Paul, MN 55119
 Social Security No. 396-44-7912
 Job Title Manager - Store 7
 Date Employed May 14, 2005
 Date Terminated _____

Marital Status ☒ M ☐ S ☐
 No. of Withholding Allowances 1
 Regular Rate \$3,875 per month
 Voluntary Deductions:
 IRA \$75 per month
 U.S. Savings Bonds _____

PAYROLL PERIOD		HOURS		EARNINGS				DEDUCTIONS										NET PAY		YEAR-TO-DATE EARNINGS						
	Ending Date	Reg.	O.T.	Regular	Overtime or Commission	Total Earnings		Federal Income Tax		Social Security Tax		Medicare Tax		State Income Tax		Health Insurance						Savings Bonds		Total		
1st Quarter																										
1	Jan. 31			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	3,875	00
2	Feb. 28			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	7,750	00
3	Mar. 31			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	11,625	00
1st Quarter Totals				11,625	00		11,625	00	1,143	00	720	75	168	57	239	70	82	50	225	00	2,579	52	9,045	48	11,625	00
2nd Quarter																										
1	Apr. 30			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	15,500	00
2	May 31			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	19,375	00
3	June 30			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	23,250	00
2nd Quarter Totals				11,625	00		11,625	00	1,143	00	720	75	168	57	239	70	82	50	225	00	2,579	52	9,045	48	23,250	00
3rd Quarter																										
1	July 31			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	27,125	00
2	Aug. 31			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	31,000	00
3	Sept. 30			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	34,875	00
3rd Quarter Totals				11,625	00		11,625	00	1,143	00	720	75	168	57	239	70	82	50	225	00	2,579	52	9,045	48	34,875	00
4th Quarter																										
1	Oct. 31			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	38,750	00
2	Nov. 30			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	42,625	00
3	Dec. 31			3,875	00		3,875	00	381	00	240	25	56	19	79	90	27	50	75	00	859	84	3,015	16	46,500	00
4th Quarter Totals				11,625	00		11,625	00	1,143	00	720	75	168	57	239	70	82	50	225	00	2,579	52	9,045	48	46,500	00
Totals for year				46,500	00		46,500	00	4,572	00	2,883	00	674	28	958	80	330	00	900	00	10,318	08	36,181	92	46,500	00

3.

Proof of Employee Earnings Record
Quarter Totals

Earnings		
Regular	\$11,625.00	
Overtime	<u>—0—</u>	
Total		\$11,625.00
Deductions		
Federal income tax	\$ 1,143.00	
Social security tax	720.75	
Medicare tax	168.57	
State income tax	239.70	
Health insurance	82.50	
Savings bonds	<u>225.00</u>	
Total		<u>2,579.52</u>
Net Pay		\$ 9,045.48

Note: The proofs of the second, third, and fourth quarter totals are not shown here because they contain the same amounts as the proof of the first quarter totals.

Proof of Employee Earnings Record
Totals for Year

Earnings		
Regular	\$46,500.00	
Overtime	<u>—0—</u>	
Total		\$46,500.00
Deductions		
Federal income tax	\$ 4,572.00	
Social security tax	2,883.00	
Medicare tax	674.28	
State income tax	958.80	
Health insurance	330.00	
Savings bonds	<u>900.00</u>	
Total		<u>10,318.08</u>
Net Pay		\$36,181.92

LEARNING THROUGH PRACTICE EXERCISES

EXERCISE 7-1

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Bell, Roy

PAYROLL PERIOD		EARNINGS			DEDUCTIONS						NET PAY	YEAR-TO-DATE EARNINGS
Week	Ending Date	Regular	Overtime or Commission	Total Earnings	Federal Income Tax	Social Security Tax	Medicare Tax	State Income Tax	SDI Tax	Total Deductions		
1st Quarter Totals		9,620 00	1,079 00	10,699 00	1,066 00	663 39	155 09	187 20	53 56	2,125 24	8,573 76	10,699 00
1	April 7	740 00	83 00	823 00	78 00	51 03	11 93	16 80	9 71	166 75	656 25	11,522 00

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Radek, Karl

PAYROLL PERIOD		EARNINGS			DEDUCTIONS						NET PAY	YEAR-TO-DATE EARNINGS
Week	Ending Date	Regular	Overtime or Commission	Total Earnings	Federal Income Tax	Social Security Tax	Medicare Tax	State Income Tax	SDI Tax	Total Deductions		
1st Quarter Totals		10,010 00	377 00	10,387 00	1,209 00	644 02	150 67	228 67	52 00	2,284 36	8,102 64	10,387 00
1	April 7	770 00	29 00	799 00	73 00	49 54	11 59	14 48	9 43	158 04	640 96	11,186 00

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Rossi, Marie

PAYROLL PERIOD		EARNINGS			DEDUCTIONS						NET PAY	YEAR-TO-DATE EARNINGS
Week	Ending Date	Regular	Overtime or Commission	Total Earnings	Federal Income Tax	Social Security Tax	Medicare Tax	State Income Tax	SDI Tax	Total Deductions		
1st Quarter Totals		9,204 00	1,378 00	10,582 00	1,131 00	656 11	153 40	191 49	52 91	2,184 91	8,397 09	10,582 00
1	April 7	708 00	106 00	814 00	76 00	50 47	11 80	15 28	9 61	163 16	650 84	11,396 00

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Scott, John

PAYROLL PERIOD		EARNINGS			DEDUCTIONS						NET PAY	YEAR-TO-DATE EARNINGS
Week	Ending Date	Regular	Overtime or Commission	Total Earnings	Federal Income Tax	Social Security Tax	Medicare Tax	State Income Tax	SDI Tax	Total Deductions		
1st Quarter Totals		9,360 00	75 00	10,075 00	1,170 00	624 65	146 12	228 67	50 44	2,219 88	7,855 12	10,075 00
1	April 7	720 00	55 00	775 00	70 00	48 05	11 24	13 68	9 15	152 12	622 88	10,850 00

EXERCISE 7-2

Payroll Period Ended	Total Earnings	Total Deductions	Net Pay	Year-to-Date Earnings
Totals for 3 Quarters	\$25,380	\$5,584	\$19,796	\$25,380
10/15	\$ 1,350	\$ 297	1,053	26,730
10/31	1,425	313	1,112	28,155
11/15	1,350	297	1,053	29,505
11/30	1,350	297	1,053	30,855
12/15	1,445	318	1,127	32,300
12/31	1,350	297	1,053	33,650
4th Quarter Totals	\$ 8,270	\$1,819	\$ 6,451	\$33,650
Totals for Year	\$33,650	\$7,403	\$26,247	\$33,650

ALTERNATE LEARNING THROUGH PRACTICE EXERCISES

EXERCISE 7-1A

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Barnes, Rebecca

PAYROLL PERIOD		HOURS		EARNINGS			DEDUCTIONS										NET PAY		YEAR-TO-DATE EARNINGS	
Week	Ending Date	Reg.	O.T.	Regular	Overtime or Commission	Total Earnings	Federal Income Tax	Social Security Tax	Medicare Tax	State Income Tax	SDI Tax	IRA	Savings Bonds	Total Deductions						
Totals for First 3 Quarters				8,580 00	960 00	9,540 00	806 00	591 48	136 33	150 73	112 57			1,799 11			7,740 89		9,540 00	
1	April 7	40	2	660 00	49 50	709 50	60 00	43 99	10 29	11 28	8 37			133 93			575 57		10,249 50	

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Kerr, Steven

PAYROLL PERIOD		HOURS		EARNINGS			DEDUCTIONS										NET PAY		YEAR-TO-DATE EARNINGS	
Week	Ending Date	Reg.	O.T.	Regular	Overtime or Commission	Total Earnings	Federal Income Tax	Social Security Tax	Medicare Tax	State Income Tax	SDI Tax	IRA	Savings Bonds	Total Deductions						
Totals for First 3 Quarters				7,540 00	678 60	8,218 60	1,142 00	509 55	119 17	278 61	96 98			2,146 31			6,072 29		8,218 60	
1	April 7	40	4	580 00	87 00	667 00	93 00	41 35	9 67	22 61	7 87			174 50			492 50		8,885 60	

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Tomassi, Joseph

PAYROLL PERIOD		HOURS	EARNINGS					DEDUCTIONS										NET PAY	YEAR-TO-DATE EARNINGS												
Week	Ending Date	Reg.	O.T.	Regular	Overtime or Commission	Total Earnings		Federal Income Tax	Social Security Tax	Medicare Tax	State Income Tax	SDI Tax	IRA	Savings Bonds	Total Deductions																
Totals for First 3 Quarters				9,620	00	577	20	10,197	20	785	18	632	23	147	86	122	37	120	33					1,807	97	8,389	23	10,197	20		
1	April 7	40		740	00			740	00	57	00	45	88	10	73	8	94	8	73							131	28	608	72	10,937	20

EMPLOYEE EARNINGS RECORD FOR YEAR 20 05

Name Walsh, Diane

PAYROLL PERIOD		HOURS		EARNINGS				DEDUCTIONS												NET PAY	YEAR-TO-DATE EARNINGS										
Week	Ending Date	Reg.	O.T.	Regular	Overtime or Commission	Total Earnings		Federal Income Tax	Social Security Tax	Medicare Tax	State Income Tax	SDI Tax	IRA	Savings Bonds	Total Deductions																
Totals for First 3 Quarters				8,060	00	644	80	8,704	80	983	64	539	70	126	22	244	60	102	72					1,996	88	6,707	92	8,704	80		
1	April 7	40	1	620	00	23	25	643	25	73	00	39	88	9	33	18	11	7	59							147	91	495	34	9,348	05

EXERCISE 7-2A

Payroll Period Ended	Total Earnings	Total Deductions	Net Pay	Year-to-Date Earnings
Totals for 3 Quarters	\$31,240	\$6,148	\$25,092	\$31,240
10/15	\$ 1,510	\$ 292	1,218	32,750
10/31	1,560	305	1,255	34,310
11/15	1,585	310	1,275	35,895
11/30	1,510	292	1,218	37,405
12/15	1,625	319	1,306	39,030
12/31	1,510	292	1,218	40,540
4th Quarter Totals	\$ 9,300	\$1,810	\$ 7,490	\$40,540
Totals for Year	\$40,540	\$7,958	\$32,582	\$40,540