

I. Gross Pay

A. The following employees of Runners' Forum get paid by the hour. They get time and a half for all hours over 40 per week. Calculate their pay for one week based on the following information.

(12 pts.)	M	T	W	Th	F	Sa	Su	Total hours	Rate per hour	Gross pay
1. Kate	8	$10\frac{1}{2}$	$8\frac{1}{2}$	7	$9\frac{3}{4}$	0	4	_____	\$9.00	_____
2. Debi	$7\frac{1}{2}$	$7\frac{1}{2}$	10	$7\frac{1}{2}$	$9\frac{1}{2}$	0	0	_____	\$12.00	_____
3. Laura	0	$3\frac{1}{2}$	$2\frac{3}{4}$	0	0	0	$6\frac{1}{2}$	_____	\$6.50	_____

B. Jack pays his employees of Jack's Auto Center an hourly rate plus commission on net sales over \$500 per week. Calculate the following employees' pay for the week. :

(12 pts.)	M	T	W	Th	F	Sa	Total hours worked	Sales	Returns	Rate per hour	Commission on sales over \$500	Gross pay
1. Dan	4	4	4	4	4	0	_____	\$400	\$0	\$8.50	10%	_____
2. Diane	0	8	8	8	8	8	_____	\$750	\$90	\$7.50	20%	_____

C. The Widget Factory pays its employees \$5.00 per hour plus a piece rate pay according to how many widgets are produced using the following differential pay scale:

Widgets Produced	Amount per Widget
1-200	\$0.05
201-400	\$0.10
401-600	\$0.15
601-800	\$0.20
801 and up	\$0.25

Use the above information to answer fill in the following blanks.

(12 pts.)	Total hours	Total # widgets	pay from hours worked	pay from # of widgets	Gross Pay
1. Sarah	38	983	_____	_____	_____
2. Jackie	22	456	_____	_____	_____

II. Net Pay

Fill in the blanks for the following employees. Use the wage bracket method for calculating FIT. The rate for social security is 6.2% on the first \$55,500 earned per year. The rate for Medicare is 1.45% on the first \$130,200 earned per year. The state tax is 2.6% and the city tax is 0.44% .

	Allow. , Marital Status	Prior gross earnings	Gross Pay this month	FICA		<u>Deductions this month:</u>				Net
				<u>taxable earn.</u> SS	Med	SS	Med	SIT	City	
(48 pts.)										
Tim	S-3	\$53,100	\$2,574	_____	_____	_____	_____	_____	_____	_____
Tom	S-2	\$5,950	\$1854	_____	_____	_____	_____	_____	_____	_____
Sandy	S-1	\$127,900	\$4178	_____	_____	_____	_____	_____	_____	_____

III. Unemployment Tax

Use the following Payroll Summary to calculate the amount of state (assume 5.8%) and federal (assume 0.8%) unemployment tax the employer must pay for each of the first two quarters. Unemployment tax is calculated on the first \$7,000 an employee earns per year.

(16 pts.)

<u>employee</u>	<u>Payroll Summary</u>		<u>Earnings the employer pays taxes on:</u>	
	<u>quarter 1</u>	<u>quarter 2</u>	<u>quarter 1</u>	<u>quarter 2</u>
Carol	\$1200	\$1600	_____	_____
Ken	\$5500	\$8250	_____	_____
Edwin	\$15,500	\$22,000	_____	_____
			Total:	_____

Answers:      quarter 1      quarter 2

SUTA      \_\_\_\_\_

FUTA      \_\_\_\_\_